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#NationalBudget2027



Zambia Budget Highlights 2027

Building Momentum: From Stabilisation to Growth

November 2026

Message
from the CMP



Alice Tembo
Country Managing Partner

Following the 2026 General Elections, Zambia's 2027 National Budget was presented to Parliament on 6 November 2026 by the Minister of Finance and National Planning, Honourable Dr. Situmbeko Musokotwane. Anchored on the theme, "***Grow Zambia: From Stabilisation to Unlocking Opportunities, Creating Jobs and Improving Livelihoods for All***", the Budget seeks to build on recent macroeconomic gains and transition the economy towards faster growth driven by increased production, investment, exports and private sector participation. The Government has proposed total expenditure of ZMW 284.8 billion, financed primarily through domestic revenues of ZMW 233.7 billion, while targeting a fiscal deficit of 3.0% of Gross Domestic Product (GDP).

The Budget was presented against a challenging global backdrop characterised by geopolitical tensions, climate-related risks and evolving trade dynamics. Despite these headwinds, Zambia's economy remained resilient during 2026. Real GDP growth averaged 7.4% during the first half of the year, while inflation declined from 11.2% in December 2025 to 6.3% in October 2026, remaining within the Government's target range of 6% to 8%. The exchange rate remained broadly stable, while continued progress in debt restructuring strengthened the country's fiscal and macroeconomic outlook.

The Budget places considerable emphasis on sustaining growth while maintaining macroeconomic stability. Through the 10-10-5-3-3-1-1-1 Grow Zambia Agenda, the Government has outlined targets aimed at increasing production, supporting exports and creating employment opportunities. Agriculture, mining, energy, tourism and infrastructure sectors as key drivers of economic expansion.

Energy security remains a strategic priority. The effects of the 2023/24 drought highlighted the need to diversify Zambia's energy mix and reduce reliance on hydropower. Building on reforms introduced in recent years, Government continues to encourage private sector participation through the Open Market Regime and investments in non-hydro generation sources. Installed electricity generation capacity has increased from 3,318 MW to 4,722 MW over the past five years, reflecting ongoing efforts to strengthen energy security and improve resilience to climate-related shocks.

Agriculture occupies a central position within the Grow Zambia Agenda, with five of the agenda's eight targets linked to the sector. Government has set ambitious production targets of 10 million metric tonnes of maize, 3 million metric tonnes of soya beans, and 1 million metric tonnes each of wheat and sugar, alongside a target of generating USD1 billion in beef exports.

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These objectives are intended to strengthen food security, increase productivity and expand Zambia's participation in regional and international agricultural markets. The Budget also signals continued investment in irrigation, mechanisation, climate-smart agriculture and improved market access, while progressively transitioning the Farmer Input Support Programme (FISP) towards a more commercially oriented financing model.

The tourism sector is central to the National Budget, targeting growth from 2.3 million (2025) to 5 million arrivals in five years and emphasising broader themes of competitiveness, connectivity, diversification and sustainability. The Budget prioritises infrastructure and institutional capacity, supply chain localisation and job creation, targeted destination marketing, and conservation with community empowerment, backed by a ZMW 1.4 billion 2027 allocation and specific temporary customs duty suspensions infrastructure to lower capital costs and attract investment.

Infrastructure development continues to be regarded as a critical facilitator of economic growth and international trade. Accordingly, the Budget allocates priority interventions to strategic transport corridors, specifically the Tanzania-Zambia Railway Authority (TAZARA), Zambia Railways and the Lobito Corridor, to support increased production and export capacity. Rehabilitation works are planned for both TAZARA and Zambia Railways, while construction of the Lobito railway line is expected to commence in the fourth quarter of 2027. Government also intends to expand private sector participation in transport infrastructure through public-private partnerships and the liberalisation of rail freight and passenger services.

Mining remains central to Zambia's long-term growth strategy. Government has maintained its objective of increasing annual copper production to 3 million metric tonnes by 2031. Copper production is expected to increase from 890,346 metric tonnes in 2025 to approximately 930,000 metric tonnes in 2026, supported by expansion projects across the sector. In addition, ZMW 467.2 million has been allocated towards geological mapping and exploration activities to support the identification and development of new mineral resources. The Budget also outlines measures aimed at improving the operating environment through the digitalisation of licensing processes and initiatives to strengthen artisanal and small-scale mining.

The Budget further introduces a range of tax and non-tax measures aimed at strengthening domestic revenue mobilisation and supporting Government's fiscal objectives. These include adjustments to value added tax, income tax, customs and excise duties, together with selected incentives intended to support investment, production and economic activity. The proposed measures are expected to generate approximately ZMW 10.8 billion in additional revenue while contributing to fiscal sustainability and the financing of public expenditure priorities.

Building on these developments, we are pleased to present Deloitte Zambia's National Budget Analysis within this booklet. Our analysis explores the Budget's key themes in greater detail, examining the fiscal, tax and non-tax measures, sector priorities and policy initiatives announced by Government. The publication provides an overview of the measures proposed in the Budget and their alignment with Government's broader economic and development agenda. We hope that you find this publication informative and useful. Please feel free to contact us should you require any clarification or additional support.



Macroeconomic Landscape …Geopolitical risks and global trade uncertainties mute global growth but a Rebound Expected

1. On Friday, 6th November 2026, the Minister of Finance and National Planning, Dr. Situmbeko Musokotwane, presented the proposed 2027 National Budget to the National Assembly. The Budget is designed to sustain Zambia's strong economic growth and ensure that its benefits translate into more jobs, higher household incomes, and expanded opportunities for citizens. In his address, the Minister emphasized that the Budget is anchored on the Grow Zambia Agenda (10-10-5-3-3-1-1-1), as outlined by His Excellency President Hakainde Hichilema during the official opening of Parliament. Reflecting this strategic direction, the theme of the 2027 National Budget is ***"Zambia: From Stabilization to Unlocking Opportunities, Creating Jobs and Improving Livelihoods for All".***

   The Minister in his budget speech noted that global growth has remained resilient despite heightened geo-political tensions and trade uncertainties. Global growth is projected to remain unchanged at 3.1% in 2026, the same level recorded in 2025. The negative effects of geo-political risks have largely been counteracted by the strong impact of the growing Information and Communication Technology ("ICT") sector, especially the adoption of Artificial Intelligence ("AI"). In 2027, global growth is projected to accelerate to 3.4% reflecting continued adoption of AI technology across the globe. Geo-political risks, such as the Middle East conflict, have produced mixed outcomes, challenges and opportunities. For Zambia, rising copper prices have been beneficial to the mining sector while at the same time, higher crude oil prices have had a negative impact on the country's pump prices. Copper prices have continued to rise, increasing by 26.1% from USD 11,781 per tonne in December 2025 to USD 14,850 per tonne in August 2026, providing a significant boost to the Zambian economy. Conversely, heightened geopolitical tensions, particularly those linked to the conflict in the Middle East, have driven crude oil prices sharply higher, nearly doubling from USD 61.60 per barrel in December 2025 to USD 114 per barrel in October 2026. This increase has exerted upward pressure on domestic fuel pump prices, adversely affecting transportation and other fuel-dependent costs

   ….Macroeconomic stability ensures a surge in copper prices and favorable weather is not lost in geo-political smoke

2. Geo-political tensions and trade uncertainties have presented both opportunities and challenges. As noted by the Minister of Finance and National Planning, Zambia's economy has significantly benefited from higher copper prices, Zambia's main export earner:

- In the last 5-years, Zambia's economic growth averaged 5.2% compared to 3.1% in 5-years prior to the covid-pandemic. In addition to strengthening copper prices, reforms especially in the mining sector (especially resolution of disputes and a stable fiscal regime) have been cardinal in supporting economic growth. In the first half of 2026, the Zambian economy registered a growth of 7.4% (the highest in more than 10 years) largely driven by the mining sector riding on higher copper prices, strong agriculture production, and the ICT sector. Copper production is projected to reach 930,000 metric tonnes (MT) in 2026, up from 890,346 MT in 2025, marking the highest output in Zambia's history. This performance places the country on a positive trajectory towards achieving its ambitious target of producing 3 million metric tonnes of copper annually. Looking ahead, projections indicate that the Zambian economy is set to maintain a growth trajectory of above 5% until 2031. Over this period, the size of the economy is expected to more than double, expanding from US$28.71 billion in 2025 to US$63.93 billion in 2031. Similarly, per capita income is projected to increase

significantly from US$1,310 to US$2,491.

- Disciplined monetary policy over the last 5 years, amid improving food supply and stable exchange rate, is finally delivering dividends. Inflation continued on a downtrend trajectory declining from a high of 16.7% in December 2024 to 11.2% in December 2025 and declined further in 2026 reaching 6.30% in October 2026 despite rising energy costs. The moderation in inflation is attributed to the Bank of Zambia's prudent monetary policy, improved food supply after the drought of 2023/24 farming season and appreciation of the Zambian Kwacha against foreign currency convertibles. Over the medium-term, inflation is projected to remain within the Bank of Zambia target range of 6%-8%. Moderating inflationary pressures, coupled with a favorable inflation outlook, provided the Bank of Zambia with scope to begin easing monetary policy. Consequently, at its Monetary Policy Committee ("MPC") meeting held on 28-29 September 2026, the Bank reduced the policy rate by 250 basis points, ***the fourth time since 14th November 2025 and the third time in 2026.***
- Government achieved significant fiscal consolidation under the IMF's Extended Credit Facility ("ECF") managing to bring down the fiscal deficit from 13.8% of GDP in 2020 to 5.5% in 2023 and 3.5% in 2024. ***Despite this progress, fiscal consolidation has slipped in the last two years, widening to 3.8% in 2025 and it is on a trajectory to reach 5.9% of GDP in 2026 against a target of 2.1%.*** Looking ahead, we expect fiscal consolidation efforts to continue with the fiscal deficit projected to average less than 2%, the lowest in the aftermath of multilateral debt forgiveness under the Highly Indebted Poor Country ("HIPC") Initiative of the 2000s. Fiscal consolidation efforts are expected to be further ***reinforced under a successor Extended Credit Facility ("ECF") programme,*** for which the Government and the International Monetary Fund ("IMF") have already reached a staff-level agreement.
- The ***Zambia has substantially completed its external debt restructuring, with the remaining implementation processes nearing completion.*** process with external creditors. Debt restructuring, combined with strong economic growth, has helped place Zambia's public debt on a declining path. As a result, the debt-to-GDP ratio is projected to fall to 82.1% in 2026, down from 101% in 2025 and over 140% in 2020, reflecting significant progress in restoring debt sustainability. Over the medium-term, the public debt to GDP ratio is projected to decline further reaching 56.7% in 2031. Overall, the public debt trajectory is firmly on a sustainable path but remains at high risk of debt distress. To ease debt service vulnerabilities, the Government has undertaken a liability management, as stated by the Minister, by buying back the Eurobond which had a step-up feature linked to improvements in the country's debt carrying capacity or Debt Sustainability Analysis. This action will relieve Government of heightened debt service pressure which could have arisen from an increase in interest rates. Improvements in Zambia's debt profile are already being recognized by international credit rating agencies. For example, Moody's upgraded Zambia's sovereign credit rating to Caa1 from Caa2 while maintaining a positive outlook.
- Although inflation has moderated significantly and the credit risk profile of commercial banks has improved, borrowing costs have remained persistently high. . Inflation has declined from 16.7% in December 2024 to 6.30% in October2026 while Non-Performing Loan ("NPL") ratio has improved from 3.8% in August 2024 to 2.7% in September 2026. At the same time the BoZ has cut the policy rate from 14.5% in November 2025 to 10.75% in October 2026 (down by 3.75%). ***Sadly, the cost of borrowing has marginally declined from 28.4% in November 2025 to 27.3% in October 2026, reflecting bottlenecks in the financial services sector which hamper monetary policy transmission.*** Clearly, there is a need for more reforms to make the cost of borrowing responsive to market conditions.
- Elevated copper prices on the international market, has propped up Zambia's external position through strong export

and capital inflows. Total export earnings grew to US $13.9 billion in the first nine months of 2026 compared to US$ 8.2 billion in the first eight months of 2025, primarily reflecting rising copper production and favourable prices.
Non-Traditional Exports amounted to US $4.2 billion, driven by manufactured and agricultural products. Strong export earnings have helped BoZ to build foreign exchange reserves to US $6.1 billion at end-August 2026 compared to US $ 5.5 billion in December 2025. Positive developments in the external sector support the sustainable achievement of Government's target of 4 months of import cover. Export earnings coupled with stable foreign exchange reserves will be cardinal in ensuring a stable foreign exchange rate.

...Where are we Headed? Is the budget poised to unlock opportunities and improve livelihoods?

3. As outlined above, the Zambian Government has clearly created a macroeconomic environment that would support sustainable growth supported by the right policies. Inflation has successfully been brought down from double digits to 6.3% while the exchange rate has stabilized with a bias to appreciate. Further, the fiscal deficits, a source debt accumulation, has been brought under control to single digit from highs of 13.8% in 2020 to less than 4% in 2025. Going forward, these achievements lay a foundation to support growth through lower cost of borrowing and predictable cost of capital. Already with a stable inflation outlook, the BoZ has started easing monetary policy which will ultimately result in more affordable financing. On top of this, the Government has enacted reforms to enhance private sector participation such as the resolution of disputes in the mining sector and creation of a consistent fiscal regime.
4. Already, a stable macroeconomic environment and stable regulatory regime have started to deliver positive impact on the country's growth prospects. In the first half of 2026, real GDP growth was estimated at 7.4%, the highest in more than a decade while projections suggest growth above 5.0%, well above the population growth of 3.3%. Clearly, there is room for more Zambians to become more prosperous.
5. To demonstrate the trickledown effect of economic gains, the budget also highlighted key social successes such as Increased school enrolment, Improved access to health services and enhanced social safety nets. However, the Minister acknowledged that while significant progress has been made, development is a continuous journey rather than an end in itself. He noted that more needs to be done to ensure that the benefits of economic growth and development are broadly shared and reach all Zambians.
6. The Minister's budget proposes measures to ensure the macroeconomic gains translate into more production, increased investment, more jobs, improved incomes and lower cost of living, all which are consistent with the ***Grow Zambia Agenda.***
7. The 2027 National Budget outlines the following macroeconomic objectives:

- Attain real GDP growth of at least 4.9%
- Lower inflation to the medium-term target of 6-8%
- Maintain International Reserves above 4.0 months of import cover Increase domestic revenue to 23.3% of GDP
- Reduce the fiscal deficit to 3.0% of GDP
- Limit Net Domestic borrowing to 2.9% of GDP

...How is government planning to reap the benefits of macroeconomic stability achieved thus far?

...On the supply side, a number of initiatives are proposed in the Budget

8. To achieve these objectives, the Minister outlined a set of policies and measures anchored on five strategic pillars aimed at ensuring that all Zambians benefit from the gains of macroeconomic stability. The Five Pillars are: ***Growing the Economy; Connecting the Nation; Improving Living Standards; Building an Effective, Efficient and Delivery Oriented Public Sector; and Financing Our Future.***

PILLAR I: GROWING THE ECONOMY

9. The Minister proposed several measures to accelerate growth in Mining, Agriculture, Manufacturing, and Tourism. He emphasized on an export-oriented growth, led by the private sector while ensuring that the public sector creates an enabling environment.

10. The mining sector continues to be the pillar of Zambia's economy reiterated for more capital in the sector to achieve 3 million metric ton production. To this end, except for the increase of the Withholding Tax rate on dividends paid by mining companies to 15% from 0%, he did not propose any changes to the tax code for the sector. To enhance formalization artisanal mining, the Minister proposed to cut mineral loyalty tax for miners who sell their Gold to Government appointed aggregators. On top of this, the Minister proposed setting up a Gold Trading Agency that will formalize trading and set aside ZMW 450 million to undertake activities aimed at supporting the small-scale miners. Finally, Government will continue to support the completion of the Country-Wide High Resolution Aerial Geophysical Survey in 2027.

    With these initiatives, supported by strong global commodity prices, I expect to see significant growth in mineral production, especially for copper. In my view, the key limiting factors to the growth of the sector include limited energy supply if the projected EL NINO causes a dry spell and diminishing ore grade.

11. Secondly, the Agriculture, Livestock and Fisheries has been identified has a key sector due to the huge number (approximately 60%) of Zambia's population working in this sector. To this, the Minister emphasized that 5 of the eight Grow Zambia Agenda targets relate to this sector. Overall, the Minister proposed several measures aimed at enhancing productivity and facilitating access to markets for the players in the sector. The Minister also proposed the creation of the Farm Block Development Agency to coordinate the governance, infrastructure development, promote utilization of farm blocks and facilitate investment. The Minister has committed ZMW 23 billion (8.1% of total budget) to implement these measures. To augment these measures, the Minister proposed new customs and excise/sur taxes on imported crude soya bean and sunflower oil as well as meat products.
    The proposed measures are anticipated to improve productivity in the agriculture sector which in turn will enhance agriculture production. With majority of Zambians working in this sector, a successful implementation of these measures would have a significant impact on livelihoods and increasingly insulate the economy from adverse shocks such as climate change. However, the proposed measures are more likely to have stronger impact in the medium-term and hence the desired impacts on 2027 growth may be limited. On a cautionary note, I doubt the effectiveness of using tariffs to promote productivity in a sector that is targeting export markets as there is a possibility of retaliatory tariffs.

12. Thirdly, the Minister targets increased tourist arrivals from the current 2.3 million in 2025 to over 5 million over the medium-term by addressing existing constraints such as infrastructure gaps, multiplicity of licenses, and poor marketing. To achieve this, the Minister promised to enhance Marketing activities to create visibility for Zambia's tourist destinations and he has earmarked ZMW 1.4 billion for this activity. To improve accessibility, the Minister has provided ZMW 1.2 billion for completion of provincial airport rehabilitation. To augment these measures, the Minister provided exemption of customs duty for safari vehicles, hospitality equipment and communications infrastructure.
    Coupled with previous measures and existence of a stable macroeconomic environment, I expect progress to slowly start bearing fruits.

13. Fourth, the Manufacturing sector is touted as the cornerstone of the Grow Zambia Agenda as the Government shifts focus from export of raw products to value addition. Overall, the Government will focus on facilitating private sector participation by reducing red

tapes, leveraging value chain financing, supporting local content beneficiation and enhancing skills. To ensure achievement of economies of scales, the Government will leverage bilateral, regional, and international markets. To support this sector, the Minister introduced new restrictive tariffs on Ceramic tiles (25% to 40%), Imported Aluminum Bars (25% from zero), and Cement Packaging (30%). On the production side, the Government has suspended duty and VAT on raw materials for the manufacture of sanitary products.

In my view, while I appreciate the reason for imposing tariffs on goods competing with locally produced one, the use of tariffs may not be the best means of implementing an export-oriented strategy. Our trade partners may decide to retaliate and deny access to the very market we want to access. I would suggest Government to focus on enhancing productivity through supporting skills development, lowering financing costs and improving infrastructure among other initiatives.

14. Fifth, Micro Small & Medium Enterprises (MSMEs), continue to attract the attention of the Minister of Finance because of their importance in job creation and poverty alleviation. The Minister, like many of us, acknowledges that SMEs continue to face challenges accessing affordable financial resources to realize their full potential. To address this challenge of accessing finance, the budget proposes to create a Special Purpose Vehicle through BoZ which will manage the ZMW 5 billion credit guarantee Scheme which will augment the Zambia Credit Guarantee Scheme. Other measures include encouraging partnerships between major retail outlets and MSMEs, promoting local content in the value chains and provision of business development services.

While the proposed measures are a step in the right direction, there is need to ensure sustainable access to affordable finance for MSMEs. In my view, there is need for the Central Bank to accelerate the implementation of parts of the BASEL III regulatory framework. This is crucial because it would make insurance and guarantees eligible for capital relief. Currently, banks are hesitant to lend to MSMEs due to their perceived higher default risk, and existing insurance/ guarantees do not offer the necessary capital relief, only increasing costs through higher provisioning under new accounting rules. Capital relief would boost banks' risk appetite for SME lending.

PILLAR II: CONNECTING THE NATION

15. The Minister noted the important enablers of economic growth such as Energy, Transport and Logistics, ICT. To this end, the Minister committed to measures announced in the previous budget which introduced electricity



open access, cost reflective tariffs, development of interconnection lines to evacuate and trade power, diversification of the energy mix and implementation of the Grid Resilience Programme. The previous initiatives are already producing results with electricity production increasing by 42% from 3,318 megawatts mostly from the private sector.

16. In the petroleum sub-sector, the Government will continue to implement reforms aimed at ensuring energy security. Hence, Government is planning to construct a new multiproduct pipeline with Tanzania while same rehabilitate the TAZAMA pipeline under a PPP.
In my view, measures introduced over time will continue to spur investment in the energy sector and ultimately help to insulate the sector from climate related shocks. Additionally, I still hold the view that there is need for us to look for more alternative energy sources to create a baseload for the grid such as geo-thermal and more investment into coal thermal projects. Further, I am supportive of using the PPP model to reduce the exposure of the fiscus to performance challenges of SOEs.
17. In ***logistical and transport sector***, the Minister stressed the need to accelerate the drive to establish Zambia as a land-linked economy and a regional transport and logistics hub which will support the country's export led economy. The Minister has put aside ZMW 18.15 billion million to construct 787 km of road network countrywide. However, he recognizes the constraints of Government resources to undertake all infrastructure works. Hence, proposes that Government will continue to implement some road projects via PPP where it is economically feasible.
18. To modernize the railway sector, the Government plans to repeal the Railways Act CAP 453 of 1984 to create vertical separation between rail infrastructure manager and Freight operator. In this case, Zambia railways will become an infrastructure manager while others may use infrastructure to operate freight and passenger services.
In my view, the tone set by the Minister is a sustainable approach to modern infrastructure development and one that relieves Government from a huge financial burden created by the need to build and maintain such facilities. Further, once the new Railways Act is enacted, the Minister must come up with incentives that encourage rail freight operators to acquire rolling stock.

... Social Policy Initiatives to Safeguard Social Gains are the Cornerstone of Pillar III.

19. In the short-term, growth prospects will be driven by aggregate demand which will come through Government's significant allocation of resources to the social sectors which directly impacts household expenditure. Social safety nets such as social cash transfer, cash for work programme, Food Security Pack, and Pension allocation places resources directly in the hands of consumers for immediate expenditure. Hence, we expect such initiatives to boost aggregate demand directly and ultimately support growth. Additionally, the enhanced Constituency Development Fund is a measure that puts resources directly to the people thereby enhancing aggregate demand. Overall, the social sector commands an allocation of 89.2 billion or ZMW 31.3%.
It is my view that enhanced social safety nets and constituent development will put resources closer to the people and thereby reduce the risk of reversing the social gains made so far.

...Are Objectives Achievable? Yes, or No?

20. Proposals in the *2027 Budget coupled with previous policy pronouncements provide positive grounds for strong growth in the next fiscal year.*

It is my view that coupled with the previous policy and expenditure initiatives, we expect the hard choices of stabilizing the macroeconomic environment to start paying off. I expect strong growth in 2027 in the region of 3.5%-4.5%, slightly lower than the targeted growth. Growth prospects will depend largely on the effects of the projected EL NINO. If the EL NINO results in prolonged dry spells, it may have negative effects on the agriculture and energy sectors. However, with an improvement in the country's energy mix, the impact may be less than the effect of 2023/24 drought.

Overall, the mining and ICT sectors will outweigh the negative effects of the EL NINO resulting in an overall growth of the Zambian economy.

21. In the medium-term, I am more optimistic that economic growth will benefit significantly from the proposed policies as well as other measures that have already been implemented. These measures should support growth levels of 6% supported by broad based growth coming ***from mining, agriculture, manufacturing and transport.***
22. Going forward, it is my expectation that inflation will remain stable over the next six months. I expect inflation to start edging upwards by end of the first quarter of 2027 reflecting effects of the EL NINO on food prices and higher energy prices. However, a stable exchange rate will moderate the inflationary effects of high food and energy prices.
23. The country is expected to maintain a strong foreign exchange reserve position through the remainder of 2026 and into the second half of 2027. Thereafter, reserves could increase to more than seven months of import cover, equivalent to approximately US$10.3 billion, particularly if the authorities choose to maintain the exchange rate at current levels. This outlook is supported by the prospect of a new International Monetary Fund (IMF) Extended Credit Facility (ECF) arrangement, whose disbursements would further strengthen reserve buffers. In addition, higher copper production and sustained elevated copper prices are expected to bolster Zambia's external position, providing further support for reserve accumulation.
24. With regards to fiscal balance, the Minister will face significant challenges to attain this objective in 2027. Though Government will be able to enhance revenue collection, I expect the Government to struggle to achieve its fiscal deficit target for two reasons, firstly, the completion of the debt restructuring process implies Government must be current with its debt service obligations to all creditors. Already, debt service for 2027 is budgeted at 23.7% of the budget and this is vulnerable to exchange rate fluctuations.

    Secondly, I do not expect the Government to manage collecting enough domestic revenue to account for 24.2% of GDP and manage to receive 3.2% of GDP in grants given the current global political environment where key donors are diverting resources to support war efforts in Ukraine. Finally, the creation of new spending agencies following the establishment of additional ministries, together with the expansion of political offices, could make expenditure containment more challenging. Nevertheless, the fiscal deficit target remains achievable, provided the authorities swiftly secure a new IMF-supported programme, which would serve as a credible anchor for fiscal consolidation and strengthen budget discipline.
25. Domestic borrowing of 2.9% may be achievable since the country has now fully returned to the international market. In my view, it is now possible for the Government to source external financing from international capital and may easily avoid borrowing from the domestic market. However, this expectation crucially depends on the performance of revenue generation while constraining growth in expenditure.



Patrick Mumbi Chileshe
PhD, CFA, FRM
Economist



Sector Analysis

Pillar One: Growing the Economy

Mining

The mining sector remains central to Zambia's economic growth strategy and the achievement of the Grow Zambia Agenda, which targets annual copper production of three million metric tonnes by 2031. Government projects copper production to increase to 930,000 metric tonnes in 2026, representing the highest level of output in the country's history and reflecting continued recovery and expansion across the sector. The expected growth in production is attributed to the:

- Resolution of disputes among various actors in the sector;
- Continued expansion of major mining operations at First Quantum Minerals, Barrick Lumwana, Konkola Copper Mines (KCM) and Mopani Copper Mines;
- Rehabilitation of historic mining assets such as Kalengwa and Luanshya mines;
- Development of new greenfield projects at Kitumba and KoBold Metals;
- Maintaining a stable and competitive mining fiscal framework;
- Completion of the countrywide aerial geophysical survey by the end of 2026, with follow-up ground-based geological investigations planned in 2027 to validate and interpret survey findings to improve mineral discoveries and investment;
- Accelerating the digitalisation of mining licensing processes; and
- Strengthening sector oversight through the decentralisation and full operationalisation of the Minerals Regulation Commission.

The Government has further announced the following measures that will have a direct impact on the mining sector:

- Establishment of a Gold Trading Agency to aggregate gold production and formalise gold trading, particularly among artisanal and small-scale miners, with the aim of reducing informal mineral trading and improving traceability.
- Reduction in mineral royalty tax for artisanal and small-scale gold miners from 6% to 3%, where gold is sold through Government-approved aggregators, to encourage participation in formal trading channels.
- Continued investment in mineral exploration activities, including ground verification of results from the Country-Wide High-Resolution Aerial Geophysical Survey.
- Increased support for artisanal and small-scale mining operations, including ZMW 450.7 million for training, certification, procurement of mining equipment and implementation of the Mining Management Information System
- Enhanced regulatory oversight and compliance activities, with funding for mining standards and minerals regulation increased from ZMW 75.9 million in 2026 to ZMW 171.7 million in 2027.
- Revision of mining, mineral processing and exploration licence fees, area charges and related regulatory fees to align Zambia's mining licensing regime with international good practice.

> *While investments in the sector have surged, achieving the 3 million target will require more than doubling the size of existing mines. This represents a highly ambitious goal for the given period, demanding significant strategic effort and innovative approaches. To support this endeavour, we reiterate the need for government to continuously improve transparency in the sector through administrative reforms in large mines, thereby maintaining public confidence and fostering an environment conducive to this expansion. Regarding Artisanal and Small-scale Miners (ASMs), the government's strategies, including the* ZMW *450.7 million investment in training and mining equipment, alongside incentives for selling to approved aggregators, represent a strong and positive approach. However, comprehensive transparency demands government engagement and interventions at the processing segment, given that many ASMs primarily interact with processors who also purchase their outputs. Government should/ develop policies aimed at ASMs to declare and honor their income and tax obligations. Finally, the mining sector is experiencing a boom due to rising international commodity prices. Zambia should take advantage of this Supercycle to create a sovereign wealth fund and build resilience in the economy.*

Dr. Dale Mudenda, Economist and Researcher at University of Zambia

Sector Analysis

Pillar One: Growing the Economy

Agriculture, Livestock and Fisheries

Agriculture, livestock and fisheries are central to the Grow Zambia Agenda, accounting for five of the eight production targets aimed at accelerating economic growth, increasing exports, and raising incomes.

Production Targets
Government aims to achieve:

- 10 million tonnes of maize;
- 3 million tonnes of soya beans;
- 1 million tonnes of wheat;
- 1 million tonnes of sugar; and
- US$1 billion in beef exports annually.

Large-Scale Investment Approach
To support higher production, Government intends to attract large-scale investment while integrating smallholder farmers into export-oriented production. A Farm Block Development Agency will be established to coordinate infrastructure development, facilitate investment and promote productive use of agricultural land. Large-scale production will also be promoted along strategic transport corridors, including the TAZARA and Lobito Railway Corridors, supported by a review of agricultural land policy.

Enabling Reforms
Government will support a more commercially viable, competitive and export-oriented agriculture sector through increased mechanisation, irrigation, improved seed varieties, extension services, agricultural finance and out-grower schemes. By 2031, Government targets six mechanisation centres per district, in addition to the existing 125 centres, and at least 500,000 hectares under irrigation.

Input Support and Marketing
The Farmer Input Support Programme will begin transitioning from subsidies to an agricultural loan scheme in 2027. Government will also implement recently enacted agricultural legislation aimed at strengthening commodity markets, improving access to finance and increasing private-sector participation, while refocusing the Food Reserve Agency on maintaining strategic food reserves.

Livestock
To support the US$1 billion beef-export target, Government will strengthen animal disease control, breeding and genetics, rangeland management and livestock nutrition. Other measures include establishing disease-free production compartments, strengthening extension services, and promoting private-sector investment in cold-chain and abattoir facilities, as well as improving access to international markets.

Fisheries
In fisheries, sustainable production is being promoted, with output projected at 270,000 tonnes in 2026 and 300,000 tonnes in 2027, and interventions will focus on boosting aquaculture productivity, regulating fishing to protect breeding stocks, supporting feed production and improving local fish genetics.

Export Facilitation
Agricultural export procedures will be streamlined through automation and the single-window system, while export permits will be adapted to accommodate different transport modes. Bulk export permits will also be introduced for large-volume exporters to reduce administrative requirements and facilitate trade.

Budget Allocation
The 2027 Budget allocates approximately ZMW 22.7 billion to agriculture, fisheries and livestock interventions, including approximately ZMW 9.1 billion for FISP and ZMW 100 million to support beef-production compartments.

ZMW 22.7 B
has been allocated to the agriculture, livestock and fisheries.

A Farm Block Development Agency will be established to coordinate infrastructure development, facilitate investment and promote productive use of agricultural land.

Sector Analysis

Pillar One: Growing the Economy

Agriculture, Livestock and Fisheries

Government should be commended for setting clear targets and strategies to achieve its ambitious goals on the five priority subsectors. The goals and targets have potential to boost production and ultimately industrialization while curbing food inflation. The casual observation suggests that the targets for maize and soya can be achieved by merely increasing productivity on existing land (that could raise output per hectare from the current 2.4 metric tonnes to 5 tonnes against the potential output of 8 to 12 tonnes per hectare).

In the case of wheat, Government needs to intensify Research & Development into more drought resistant and rain-fed seed varieties to encourage their adoption among farmers. The need to prioritise expenditure on the target sectors raises issues around the design of the e-voucher system under the Farmer Input Support Programme (FISP) that allows farmers to choose their priorities.

Government may also need to undertake systematic cultural change programmes to encourage traditional herders to not only regard animals as a store of value but as tradeable for increased value accumulation."

Dr. Dale Mudenda, Economist and Researcher at University of Zambia

ZMW 1.4 *billion*

allocated for tourism programmes.

Tourism

Government aims to increase international tourist arrivals to five million from 2.3 million in 2025 over the next five years. To achieve this, constraints such as infrastructure gaps, multiplicity of licences, insufficient destination marketing and limited diversification of tourism offerings will be addressed:

Key interventions include:

- Strengthening capacity to bid for and host meetings, conferences and exhibitions;
- Packaging visits to multiple tourism sites instead of isolated destinations;
- Constructing and upgrading connectivity infrastructure, including entry points, access roads and airports;
- Strengthening local linkages for sourcing food, furniture, linen and crafts; and
- Promoting aggressive destination marketing.

Government will continue to protect and conserve natural and cultural heritage through sustainable management of wildlife and protected areas, supported by community empowerment and ownership programmes. Traditional ceremonies and heritage sites will also continue to be promoted.

For 2027, Government has allocated ZMW 1.4 billion for tourism programmes. In addition, customs duty on safari vehicles, hospitality equipment and communications infrastructure will be suspended to lower capital costs and enhance Zambia's competitiveness as a high-value tourism destination, supporting the target of five million international tourist arrivals.

Continuous skills development in the hospitality industry is needed to enhance customer experience. Moreover, Government should also continue partnering with the private sector on transboundary tourism marketing to ensure tourist arrivals deliver direct benefit.

Dr. Dale Mudenda, Economist and Researcher at University of Zambia

Sector Analysis

Pillar One: Growing the Economy

Manufacturing

The Government identified manufacturing as a key driver of economic growth under the Grow Zambia Agenda, with a focus on promoting value addition and supporting private sector-led industrialisation. Key interventions include reducing regulatory costs and administrative bottlenecks, leveraging value chain and development finance, expanding Multi-Facility Economic Zones (MFEZs), industrial parks and export trade zones, supporting local enterprises through local content initiatives, strengthening local sourcing and aggregation of raw materials, and investing in skills development to support industrial growth

The reforms are expected to:

- increase employment in manufacturing beyond the current 320,000 jobs;
- raise manufacturing's contribution to GDP to more than 8.5 percent; and
- enhance value addition and reduce reliance on exports of raw materials.
- To further advance industrialisation, the Minister has proposed a number of trade policy measures, including;
- increasing customs duty on ceramic tiles of HS Code from 5% to 40%;
- introducing a 20% selected goods surtax and increasing customs duty from 5% to 25% on imported aluminium tubes, bars and frames (HS Code 7604);
- increasing the customs duty rate on float glass from 15% to 25%; and
- harmonising the selected goods surtax at 30% on imports of cement packaging bags (HS Code 6305.33.00) and woven bags (HS Code 3923.29.99).

Additionally, the Minister has proposed a 100% customs duty exemption and VAT exemption on the importation of raw materials used in the manufacture of sanitary products, including sanitary pads, panty liners, and related hygiene products.



Sector Analysis

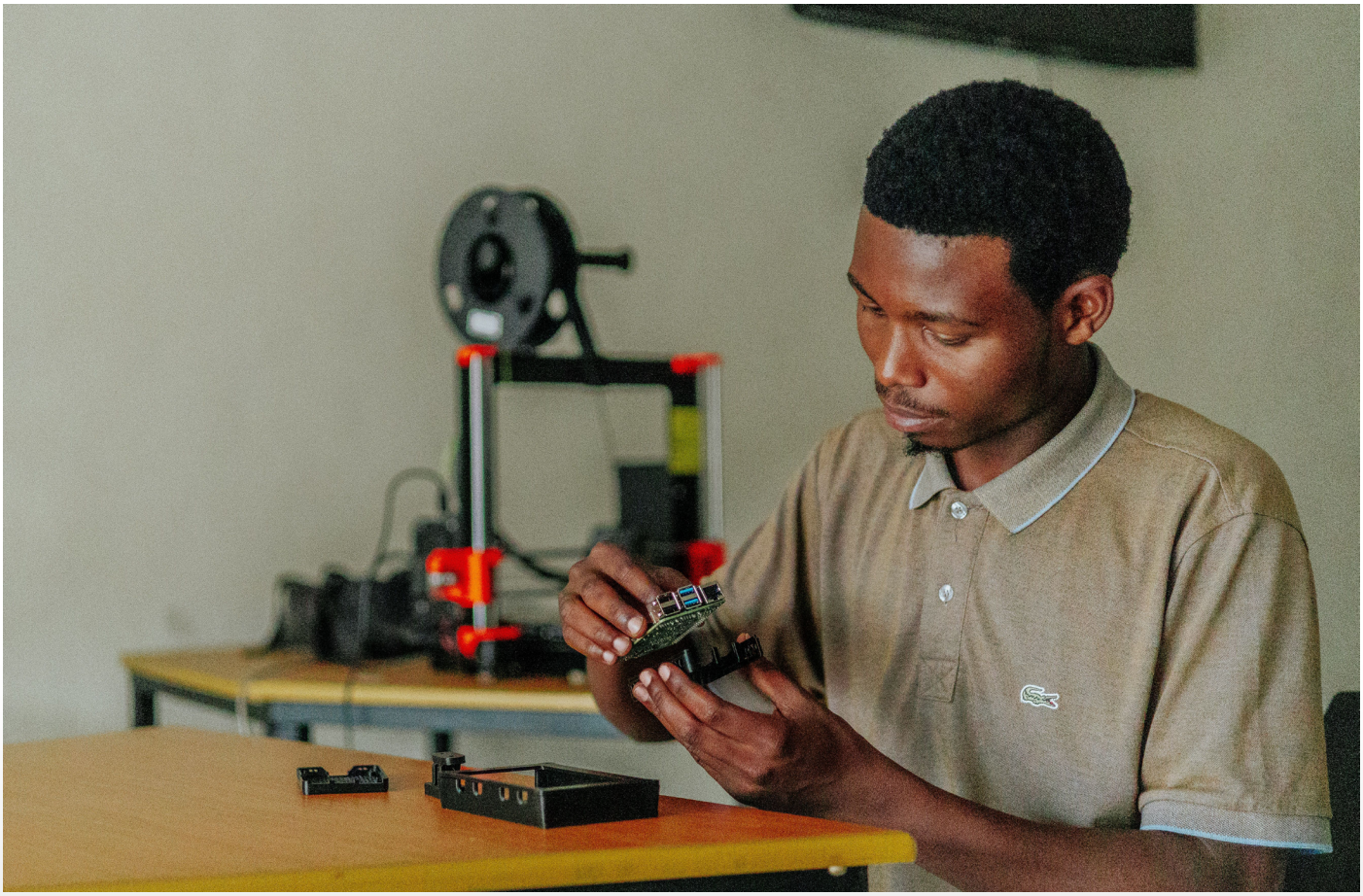
Pillar One: Growing the Economy

Micro, Small and Medium Enterprise Development

The growth of micro, small and medium enterprises (MSMEs) continues to be constrained by limited access to affordable finance and markets, inadequate business infrastructure, skills shortages and low levels of formalisation. To tackle these constraints over the medium term, Government will:

- Promote partnerships with major retail outlets and facilitate exports;
- Encourage greater use of local content in production;
- Provide business development services to support enterprise growth;
- Incentivise the formalisation of MSMEs; and
- Expand access to affordable finance.

To improve access to finance for MSMEs, the Bank of Zambia will launch a small business growth initiative through a special purpose vehicle that will manage a ZMW 5 billion guarantee scheme delivered through financial service providers. This will complement existing support, including the Zambia Credit Guarantee Scheme and the Citizens Economic Empowerment Commission, among others.





Sector Analysis

Pillar Two: Connecting the Nation

Energy

Government aims to increase electricity generation capacity to 10,000 MW by 2031. Installed capacity has already grown by 42%, from 3,318 MW to 4,722 MW over the last five years, largely driven by private sector investment.

To achieve this target, Government will accelerate the implementation of the energy compact under Mission 300 through:

- Continuation of the transition to cost-reflective tariffs to attract investors;
- Strengthening ZESCO's operational and financial performance;
- Continued implementation of the electricity open access regime;
- Development of transmission lines and inter-connectors;
- Diversification of the energy mix through solar, thermal and other energy sources; and
- Implementation of the Grid Resilience Programme.

In 2027, more than 1,400 megawatts are expected to be added to the national grid from non-hydro sources. Government will also expand transmission infrastructure, including the Zambia-Tanzania 330KV, Zambia-Malawi 400KV, and Kalumbila-Kolwezi 330KV projects.

Government will continue to strengthen the TAZAMA Open Access Framework, which has enhanced the security of supply of petroleum products, especially diesel.

In partnership with the Government of Tanzania, Government is advancing strategic interventions in the petroleum sector, including:

- The construction of a new multi-product petroleum pipeline; and
- The rehabilitation of the existing TAZAMA Pipeline under a Public-Private Partnership (PPP) arrangement.

> *Government's measures in the electricity sector are commendable and essential to the actualization of the Decentralisation Implementation Plan. I recommend that the adopted plan detail roles and responsibilities of all stakeholders and incorporates capacity-building programmes at the local level to ensure they can discharge those duties.*

Dr. Dale Mudenda, Economist and Researcher at University of Zambia

Transport and Logistics

The Government will strengthen transport and logistics infrastructure to connect production centres to regional ports, facilitate trade and support export-led growth under the Grow Zambia Agenda. Priority interventions include:

- Continued development of the Lobito and TAZARA economic corridors;
- Rehabilitating Zambia Railways; and
- Introducing an open-access railway model for private freight and passenger operators.

In addition, the Government will construct, upgrade and rehabilitate 787 kilometres of roads, improve selected provincial airports and modernise border operations through digital platforms, AI-enabled cargo scanners and smart gates. The Budget proposes an allocation of ZMW 18.1 billion to road infrastructure and ZMW 2.4 billion to airport infrastructure, representing approximately ZMW 20.5 billion for key transport infrastructure.

> *Zambia continues to prioritise the TAZARA, Lobito, NACALA and Walvis Bay corridors as it seeks to become a regional transport and logistics hub. We welcome this progress and reiterate that new corridors must include supporting facilities that enable local stakeholders to participate fully in their development. Local content frameworks should underpin this participation, involving micro, small and medium enterprises, and provide for transfer of skills and technology to entrepreneurs.*

Dr. Dale Mudenda, Economist and Researcher at University of Zambia

Sector Analysis

Pillar Two: Connecting the Nation

Information and Communication Technology

Government has reported significant progress in expansion of ICT infrastructure and digital services since 2021, with growth in the fibre-optic network from 15,000 kilometres to more than 42,000 kilometres, upgrade of communication towers from 3,413 to 3,954, and active internet subscriptions from 15.5 million as at end-September 2026 from 10.5 million as at end-December 2021.

The digitalisation agenda is centred on the rollout of a national digital identity system whose implementation will be fast-tracked in 2027. Additionally, Government will continue modernising land administration through integrated property management reforms involving key institutions.

Government has onboarded 572 of the targeted 1,578 services onto the Government Service Bus in 2026. To accelerate progress, it intends to adopt a coordinated digitalisation approach, encompassing the digitisation of records across central and local government and critical institutions such as the Ministry of Lands and the Zambia Environmental Management Agency. It will also scale up the e-Council platform to a further 35 councils, building on a 2026 pilot across eight councils that generated over ZMW 290 million in just six months.

The 2027 Budget provides approximately ZMW 1.7 billion for digitalisation of Government services, including ZMW 367.8 million for the digital national identity programme and ZMW 205.5 million for the land administration system.

ZMW 1.7 *billion*
or digitalisation of Government services

> *Beyond the measures being undertaken already, I recommend that Government prioritizes the development of an AI policy while embracing ICTs skills development that are likely to be required as the sector evolves beyond basic uses to development and programming. The basic ICT training should embed the ICT + (plus) for the country to become competitive.*

Dr. Dale Mudenda, Economist and Researcher at University of Zambia





Sector Analysis

Pillar Three: Improving Living Standards

Education and Skills Development

The Government reaffirmed education as a key enabler of the Grow Zambia Agenda. Since introducing the Free Education Policy in 2022, Government has recruited 41,917 teachers, constructed 197 secondary schools (with an additional 31 expected to be completed by 2027), and expanded the Home-Grown School Feeding Programme to more than 5.6 million learners across over 8,800 schools.

The Government has also introduced a competency-based curriculum focused on practical skills, critical thinking, problem-solving, creativity and entrepreneurship. In 2027, it will commence the construction of six new universities, expand technical and vocational training capacity to accommodate 100,000 additional trainees, and align bursaries with critical skills needs in agriculture, tourism, mining and manufacturing. Investment in existing tertiary education infrastructure will also continue.

Government proposes an allocation of ZMW 38.2 billion to the education function, representing 13.4% of the total 2027 Budget.

> *Government has proposed to allocate 13.4% of the total national budget to the education sector. While this is commendable, it falls below the internationally recommended range of 15 -20%, considered necessary for developing quality skills in the economy. Alongside raising overall funding, Government should reallocate resources within the sector to strengthen tertiary education.*

Dr. Dale Mudenda, Economist and Researcher at University of Zambia

Health

The 2027 Budget reinforces the Government's commitment to strengthening the healthcare system through expanded access to health services, investment in health infrastructure, recruitment of healthcare personnel, improved availability of medicines and medical supplies, and enhanced sustainability of the National Health Insurance Scheme.

The Government proposes to allocate K30.3 billion, representing 10.6% of the total 2027 Budget, to the health function. Key allocations include K6.4 billion for medicines and medical supplies, K866.7 million for the construction of mini and district hospitals, and K360 million to support the National Health Insurance Scheme.

In 2027, the Government also plans to recruit 3,125 frontline healthcare personnel to strengthen service delivery and improve access to quality healthcare.

K30.3 *billion*
which is 10.6% of the total 2027 Budget, to the health function.

Sector Analysis

Pillar Three: Improving Living Standards

Water and Sanitation

The 2027 Budget identifies water and sanitation as a key component of improving living standards under the Grow Zambia Agenda.

Government has continued to invest in water and sanitation infrastructure to improve access to clean and safe water. Since 2021, it has constructed 1,208 small piped-water schemes, 7,044 boreholes and 10 dams, rehabilitated 15 dams, and delivered 673 waterborne sanitation facilities in public institutions. These interventions have benefited close to 5 million people and more than 100,000 livestock.

In 2027, Government will prioritise water-harvesting infrastructure through the construction and rehabilitation of dams. Investment in boreholes, piped-water schemes and sanitation facilities will also continue, supporting wider access to water and sanitation while strengthening climate resilience and water availability for agriculture, mining, tourism, energy and livestock.

The 2027 Budget allocates ZMW 2.1 billion to the water and sanitation subsector.

Social Protection

Government reported continued expansion of social protection programmes, particularly the Social Cash Transfer (SCT) Programme, with beneficiary households increasing from under one million in 2021 to over 1.5 million in 2026. Monthly transfers were increased from K180 to K400 per household, while households with persons with disabilities received ZMW 600. In addition, nutrition support was extended to 22,000 households in hard-to-reach communities, against a target of 25,000 households.

Government proposes to allocate ZMW 16.2 billion in 2027 to further strengthen social protection, comprising:

- ZMW 10.4 billion for the Social Cash Transfer (SCT) Programme to support more than 1.6 million beneficiary households;
- An increase in monthly SCT benefits from ZMW 400 toZMW 450 for eligible households and from ZMW 600 to ZMW 650 for households with eligible persons with disabilities; and
- ZMW 5.2 billion for public service pension funds to help reduce delays in the payment of pension benefits following retirement.

In addition, Government intends to enhance the efficiency and coverage of social protection programmes by:

- Integrating National Health Insurance Scheme (NHIS) contributions into the SCT Programme;
- Consolidating the Food Security Pack into existing social protection programmes; and
- Operationalising a Unified National Social Registry to improve beneficiary identification, targeting, coordination and service delivery.

The Unified National Social Registry will initially cover beneficiaries of the Social Cash Transfer Programme and the Keeping Girls in School Programme.

> *Government efforts to improve targeted delivery of social protection through a unified national social registry is commendable as it improves coordination and transparency. While spending on social protection currently presents an opportunity for growth, increased funding is required to ensure the country can meet its human development targets. It is particularly critical for the government to ensure the capacity of all relevant institutions is strengthened.*

Dr. Dale Mudenda, Economist and Researcher at University of Zambia


A BRIGHTER
KENYA
Progress
Together

Sector Analysis

Pillar Four: Building An Effective, Efficient, and Delivery-Oriented Public Sector

State Owned Enterprises

The Government has implemented a series of reforms aimed at improving the governance, oversight and performance of State-Owned Enterprises (SOEs). These reforms include the revision of the SOE Policy in 2024, the development of the Supervisory and Performance Monitoring Framework in 2025, and the enactment of the SOE Act in 2026.Going forward, Government will:

- Review and restructure underperforming enterprises;
- Promote private sector participation through strategic partnerships; and
- Undertake partial divestments where appropriate.

These measures are expected to enhance SOE profitability, increase dividend contributions to the Treasury, mitigate fiscal risks and strengthen the role of SOEs in advancing the Grow Zambia Agenda.

> *This proposed initiative will serve as an incentive for SOEs to boost investment and improve operational efficiency as they will benefit from reduced political interference and improved management efficiency from equity partners. This move is strategic and welcome. However, priority equity should be given to local investors with track records of managing businesses to ensure local participation in the economy.*

Dr. Dale Mudenda, Economist and Researcher at University of Zambia

Fight Against Corruption

Government reaffirmed its zero-tolerance approach to corruption and announced measures to strengthen governance, transparency and accountability.

The key initiatives include:

- Amending the Anti-Corruption Commission Act to enhance the independence of the Anti-Corruption Commission; and
- Strengthening oversight of procurement, recruitment and licensing processes, which are considered high-risk areas for corruption.

These measures are intended to improve public sector efficiency, accountability and public confidence in government institutions.

Decentralisation and local Governance

The Government has made significant progress in the implementation of the decentralisation agenda, with 13 functions having been devolved to local authorities and increased allocations to the Constituency Development Fund (CDF). This has enabled investments in education, health, water and sanitation, feeder roads, skills development, and empowerment programmes for women and youths.

The Government plans to review the CDF allocation formulae to ensure a more equitable distribution of resources across constituencies, considering differing local needs and development challenges, rather than applying a uniform allocation approach to all constituencies. Stakeholder consultations, including with Parliamentarians, will be undertaken before the revised framework is implemented.

Sector Analysis

Pillar Four: Building An Effective, Efficient, and Delivery-Oriented Public Sector

Pension Reforms

Government's efforts to improve retirement income security include the continued reduction of public service pension arrears. Over the medium term, Government aims to reduce the waiting period for pension benefit payments from over one year to three months.

The enactment of the National Pension Scheme Act, Public Service Pensions Act and Local Authorities Superannuation Act in 2026 is expected to improve pension adequacy and long-term sustainability. These reforms are intended to increase the income replacement ratio for public service workers from 45 percent to 65 percent through the combination of NAPSA and occupational pension arrangements.

In addition, Government plans to repeal and replace the Pension Scheme Regulation Act of 1996 in 2027 to strengthen regulation of the pensions industry, enhance protection of pension benefits, expand pension coverage to the informal sector and self-employed workers, and support long-term savings and investment.



Fiscal Policy

Government reaffirmed that strengthening fiscal sustainability, through enhanced domestic resource mobilisation and expenditure rationalisation, remains a key Government priority. In this regard, Government will continue to pursue fiscal consolidation measures and safeguard debt sustainability. In 2027, Government aims to contain the fiscal deficit at 3.0% of GDP, raise domestic revenue to at least 23.3% of GDP, and limit net domestic borrowing to 2.9% of GDP. Furthermore, Government remains committed to reducing the fiscal deficit further to 1.2 percent of GDP by 2029.

Government plans to employ the following revenue-enhancing measures:

- Implement the Medium-Term Revenue Strategy to broaden the tax base and rationalise tax exemptions and incentives;
- Strengthen compliance through data sharing, improved monitoring of the mineral value chain, tighter transit cargo controls, and promoting the use of the smart invoicing system;
- Automate and strengthen the collection of non-tax revenues including fees, fines, levies, and dividends from SOEs; and
- Strengthen international tax cooperation and information exchange.

Regarding expenditure, Government plans to undertake the following interventions:

- Contain the public sector wage bill to within 35 percent of domestic revenues over the medium term;
- Rationalise operational Government spending to redirect savings towards infrastructure development and social sector focused interventions; and
- Strengthen project preparation capacity and provide viability gap financing to improve the effectiveness of PPPs in delivering public infrastructure.

Sector Analysis

Pillar Four: Building An Effective, Efficient, and Delivery-Oriented Public Sector

Debt Management

Debt management is a key component of Government's strategy to maintain fiscal sustainability and support the implementation of the Grow Zambia Agenda. Government's focus is on reducing debt vulnerabilities, lowering borrowing costs, and improving access to affordable financing:

Progress made on debt management includes:

- Zambia's external debt restructuring is nearing completion.
- The stock of Central Government external debt declined from US$16.15 billion at the end of 2025 to US$15.46 billion by June 2026, largely due to the Eurobond buyback.

International credit agencies have recognized improvements in debt management, with Moody's upgrading Zambia's sovereign rating from Caa2 to Caa1 with a positive outlook.

Improved credit ratings are expected to help Government and businesses access financing at lower costs.

To strengthen domestic debt management, reduce borrowing costs, and mitigate refinancing risks, Government plans to implement the following measures:

- Commence liability management operations to better manage domestic debt.
- Prioritize the issuance of fixed-rate securities to reduce exposure to interest rate volatility.
- Consolidate benchmark bonds, including the 20-year Government bond, to improve market efficiency and liquidity.
- Continue strengthening public debt management systems and practices.
- Deepen domestic capital markets to provide alternative sources of long-term financing.
- Create space for more financing to flow to productive private-sector activities.

The 2027 Budget allocates ZMW 67.6 billion towards debt servicing, comprising:

- ZMW 50.8 billion for domestic debt.
- ZMW 16.8 billion for external debt principal and interest payments.



Arrears Clearance

The arrears on goods and services decreased from ZMW 57.1 billion in December 2025 to ZMW 51.4 billion in June 2026. Outstanding VAT refund claims also declined from K61.1 billion in December 2025 to ZMW 60.3 billion in September 2026. Government reiterated its commitment to accelerating arrears clearance to support private sector growth and will:

- Continue providing budgetary allocation to clear arrears with a total of ZMW 4.66 billion allocated to dismantling arrears;
- Enhance the commitment controls to halt accumulation of arrears; and
- Conduct liability management operations particularly for legacy arrears, including VAT refund claims.

Sector Analysis

Pillar Four: Building An Effective, Efficient, and Delivery-Oriented Public Sector

Monetary and Financial Sector Policies

The monetary policy focus will remain on maintaining inflation within the 6-8 percent target band over the medium term.

Recognising that a well-functioning financial sector is essential to advancing the Grow Zambia Agenda, Government through the Bank of Zambia will promote greater transparency in credit pricing by financial service providers and will publish lending rates.

To strengthen financial sector stability and enhance the crisis management framework, Government will operationalise the following legislation by the end of the year:

- Banking and Financial Services Act, 2026;
- National Payment System Act, 2026, together with the accompanying regulations and guidelines; and
- Zambia Deposit Insurance Corporation Act, 2026.

These measures are aimed at improving financial sector oversight, stability and transparency while supporting sustainable economic growth.



External Sector Policy

Government will maintain a flexible exchange rate regime and continue building international reserves to strengthen resilience against external shocks. The 2027 objective is to maintain reserves above four months of import cover, with coverage expected to rise progressively to more than five months of imports over the medium term by:

- Intensifying efforts to diversify the export base; and
- Continuing the purchase of domestically produced gold.

These measures are intended to enhance economic stability and improve the country's capacity to withstand external economic pressures.

Financial Inclusion

Overall financial inclusion, measured by access to and use of financial products and services, increased from 69.4 percent in 2020 to 80.1 percent in 2025. This improvement was driven by the expansion of mobile payments, digital banking and agency banking as well as longer payment transaction hours on weekdays and Saturdays.

To deepen financial inclusion and support a 24-hour economy, Government will extend the operating hours of the payment and settlement system, facilitate direct participation by eligible non-bank institutions, and implement a national Quick Response (QR) code to enable faster and more efficient payments.

These initiatives are expected to support the Grow Zambia Agenda, while encouraging greater adoption of digital payment channels and a shift towards a cashless economy

Sector Analysis

Pillar Four: Building An Effective, Efficient, and Delivery-Oriented Public Sector

Social Protection

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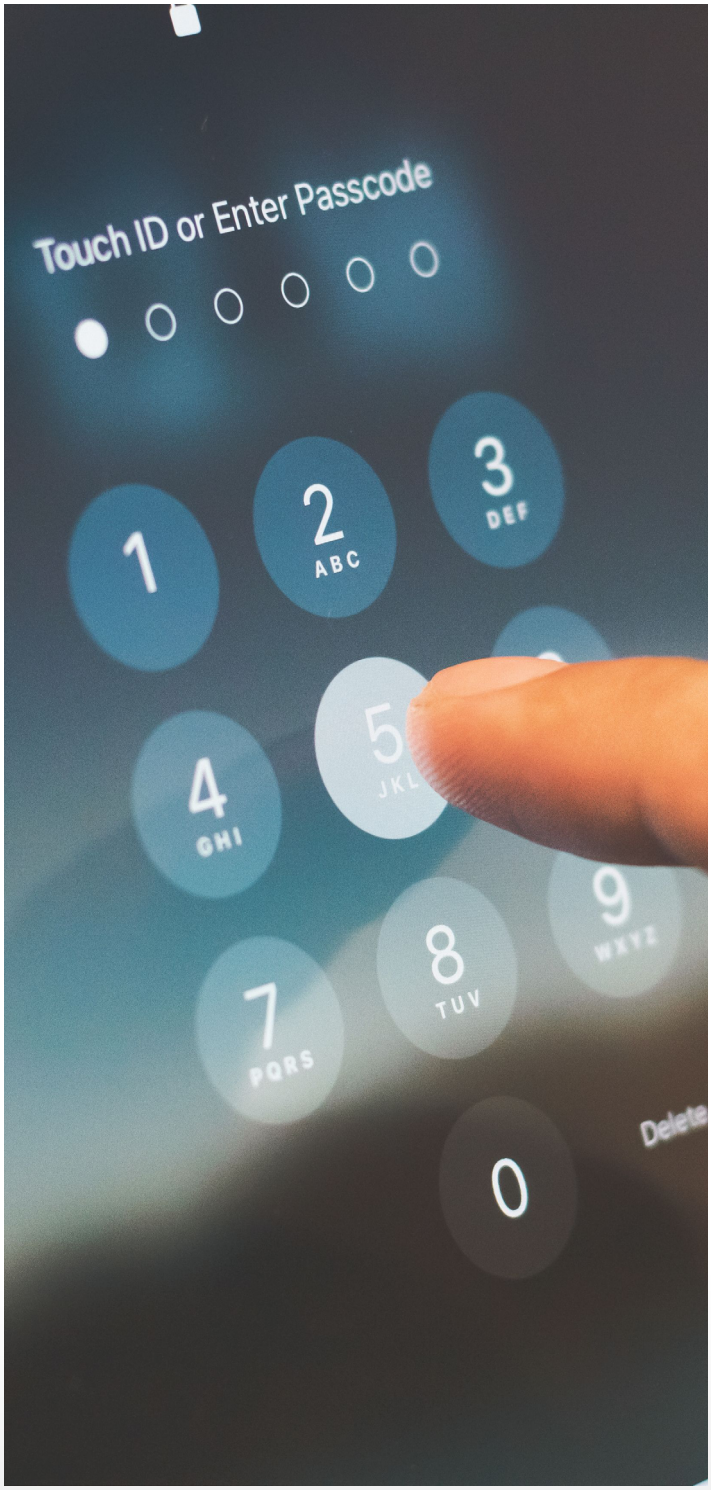
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Sector Analysis

Pillar Four: Building An Effective, Efficient, and Delivery-Oriented Public Sector

Environmental Sustainability

To protect the environment, strengthen climate resilience and support green growth under the Grow Zambia Agenda, while attracting greater private sector investment, Government will:

- Ensure adherence to the revised timelines for environmental approvals;
- Digitise licensing and environmental impact assessments and simplify procedures to reduce delays;
- Step up environmental protection and pollution control by enforcing regulations more robustly, acquiring modern monitoring equipment and operationalising the Zambia Environmental Management Agency (ZEMA) laboratory;
- Expand digital climate advisory services from one million to four million farmers by 2029, delivering timely, location-specific weather updates and farming advice;
- Develop the carbon market by building institutional capacity, maintaining a national carbon registry and strengthening carbon-credit verification; and
- Protect forests and restore degraded landscapes by tackling illegal logging, uncontrolled bushfires and forest degradation, working with communities, supporting sustainable forest-based enterprises and rehabilitating damaged land.



National Development Plan

The preparation of the Ninth National Development Plan (9NDP) for the period 2027 to 2031 has advanced. The plan will define Zambia's development agenda for the next five years and will be anchored on the Grow Zambia Agenda. The 9NDP will be supported by a robust monitoring and evaluation framework designed to enable timely corrective action, strengthen accountability, and keep the country on track to achieve its development objectives.



Sector Analysis

Pillar Five: Financing Our Future

The Grow Zambia Agenda requires long-term, affordable finance beyond what the National Budget can supply. Accordingly, Government will pursue a financing-for-growth strategy that treats the state as a catalyst for investment rather than the primary financier. It will mobilise diversified long-term funding from public and private, domestic and international sources and use public resources strategically to crowd in private capital. To achieve this, Government plans to encourage development financing through:

- Re-establishment of a development finance institution in 2027;
- Promotion of funding via foreign direct investment;
- Public–private partnerships;
- Disaster-risk financing;
- Green finance;
- Value-chain financing; and
- Blended instruments that combine concessional and commercial finance.

Further, Government will implement comprehensive reforms aimed at deepening the capital market, broadening citizen ownership, and mobilising long-term domestic capital through the **Capital Markets Master Plan** and proposed amendments to the **Securities Act, 2016**. These reforms are intended to transform national wealth into shared prosperity by enabling more Zambians to become owners, investors, and beneficiaries of the assets that drive economic growth.





Tax Measures

Taxation changes

The taxation and other changes as contained in the Budget Speech and the Zambia Revenue Authority ("ZRA") publication "The 2027 Budget Highlights" are summarised below.

The measures will come into effect on 1st January 2027, subject to Parliamentary approval. The Commissioner General of the Zambia Revenue Authority ("ZRA") has also clarified that some of the measurers shall be implemented based on the Minister of Finance and National Planning's (the "Minister") pronouncement.

Direct Taxes
Pay As You Earn

- The Minister has proposed to introduce an additional income tax band at 39.5 percent for Pay-As-You-Earn on individuals earning above ZMW 37,000 per month as follows:

Proposed Regime	Current Regime	Tax Rate
Income Bands (ZMW)	Income Bands (ZMW)	Tax rate (%)
0 - 5 100	0 - 5 100	0%
5 101 - 7 100	5 100.01 - 7 100	20%
7 100 - 9 200	7 100.01 - 9 200	30%
9 200 - 37 000	Above 9 200	37%
Above 37 000	-	39.5%

Corporate Income Tax

- Increase by 5 percent the tax rate applicable to income categories that are currently taxed at rates below the standard Company Income Tax rate of 30% as outlined below:

Category	Current Rate	Proposed Rate
Farming/ agro-processing or export of non-traditional products from farming/ agro-processing	10%	15%
Income earned by producers of organic and chemical fertilizers	15%	20%
Export of non-traditional products	20%	25%
Companies add value to copper cathode	20%	25%

- Limit the application of Minimum Alternative Tax (MAT) of 1% of total turnover of businesses that make losses for three consecutive years.

As regards to profits realised from exports of non-traditional products and sales additions to copper cathodes, this is the second time within a period of two (2) years that the Income Tax rate is increased. The rate was last increased from 15% to 20% in 2024 with effect from 1st January 2025.

The term "Non-traditional products" as currently defined by the Income Tax Act means anything produced or manufactured in Zambia, excluding minerals, electricity, services or cotton lint exported without an export permit from the Minister responsible for Commerce, Trade and Industry.

Deloitte commentary

Currently, MAT applies to businesses regardless of whether they are profitable or loss-making, except for persons or partnerships subject to Presumptive Tax or Turnover Tax, and special purpose vehicles operating in the railway sector.

The proposed measure seeks to limit the application of MAT to businesses that have incurred losses for at least three consecutive years.

At this stage, no further guidance has been provided regarding the administration, assessment, collection, and recovery of MAT under the proposed measure. It also remains unclear whether the measure will apply retrospectively from 8 August 2025, when MAT was introduced.

Deloitte commentary

Taxation changes

Withholding Tax

- Increase the Withholding Tax rate on dividends paid by mining companies from zero percent to 15 percent.

The measure revises the Withholding Tax rate on dividends paid by mining companies from zero percent (0%) to fifteen percent (15%) to align with rates applicable in other sectors. However, at this point no guidance is provided on whether the rate of 15% will also apply on dividend payments to non-resident as payment of dividends to non-residents in other sectors attracts Withholding Tax at the rate of 20%.

Deloitte commentary

Mineral Royalty

- Reduce the rate of Mineral Royalty on Gold to 3 percent from 6 percent for artisanal and small-scale mining operators who sell gold to approved aggregators.

Betting Services Levy

- Provide clarity on the taxation of income from online betting services.

Currently, a betting levy applies on gaming and betting activities following its introduction through the Betting Levy Act, 2025 in 2026 to replace Income Tax. However, neither the Income Tax Act nor the Betting Levy Act expressly provide for the treatment of income derived from online betting services, giving rise to uncertainty regarding the applicable tax regime. Therefore, this measure clarifies that income derived from the provision of online betting services is subject to a Betting Levy rather than Income Tax..

Deloitte commentary

Mobile Money Levy

- Amend Section 5(1) of the Mobile Money Levy Act to adjust mobile money levy rates as follows:

Amount Range	Current Mobile Money Levy (ZMW)	Proposed Mobile Money Levy (ZMW)	Proposed Change or increase
Between ZMW 1 to ZMW 150	0.32	0.64	0.32
Above ZMW 150 to ZMW 300	0.40	0.80	0.40
Above ZMW 300 to ZMW 500	0.80	1.60	0.80
Above ZMW 500 to ZMW 1,000	2.00	4.00	2.00
Above ZMW 1,000 to ZMW 3,000	4.00	8.00	4.00
Above ZMW 3,000 to ZMW 5,000	7.50	15.00	7.50
Above ZMW 5,000 to ZMW 10,000	8.00	16.00	8.00

Indirect Taxes
Value Added Tax

- Increase the Value Added Tax ("VAT") rate from the standard rate of 16% to 16.5%.

This measure is intended to expand government revenue from VAT. We however note that this will have the impact of raising the cost of goods and services and exert broader effects across consumers, businesses and the macroeconomy.

Deloitte commentary

- Revise the rate of VAT on energy saving appliances from 0% to 16%.

Ironically, this increase of the rate to 16% does not appear to sit well with the government's pronouncements to encourage the use of energy saving appliances to reduce electricity demand, lower carbon emissions and ease pressure on the national power grid as this will push up the cost of those appliances.

Deloitte commentary

Taxation changes

- Introduce a VAT exemption on the importation of raw materials used in the manufacture of sanitary products including sanitary pads, panty liners and related hygiene products.
- The following housekeeping measures have been proposed under the Value Added Tax Act, (1996):
  - » Amendment of the VAT Act to clarify that "Cross-Border Electronic Services" refers to electronic services supplied in Zambia by a supplier who is based outside the Republic.
  - » Empowerment the Commissioner General to waive fines for failure to use Smart Invoice.
  - » Extend zero-rating to goods supplied to or imported by contractors for public-private partnership (PPP) project.

> *This measure is intended to allow contractors of special purpose vehicles to purchase or import goods for PPP projects without being subjected to VAT, as they are implementing the project on behalf of a concessionaire or special purpose vehicle. At this point, no guidance has been provided on how this will be implemented.*

Deloitte commentary

Customs and Excise Duty

- Suspension of Customs Duty on Safari Vehicles, Hospitality Equipment and Communications Infrastructure Used in Tourism Operations.
- The Minister has proposed the following to promote an environment in which local industries can expand production, compete effectively, create employment and contribute to economic diversification:
  - » Exemption of Customs Duty on Raw Materials Used in the Manufacture of Sanitary Products including sanitary pads, panty liners and related hygiene products.
  - » Increase Customs Duty on ceramic tiles under HS Heading 69.07 from 25 percent to 40 percent.
  - » Introduce a 20 percent Selected Goods Surtax on selected imported aluminium bars, rods and profiles under HS Heading 76.04.
  - » Increase Customs Duty on imported aluminium bars, rods and profiles under HS Heading 76.04 from zero percent and 5 percent to 25 percent.
  - » Increase the Selected Goods Surtax on selected imported processed meat products, including meat and edible offal of bovine animals, sheep, goats, horses and mules, from 20 percent to 30 percent.
  - » Increase Customs Duty on crude soya bean oil, crude palm oil and crude sunflower oil from zero percent to 15 percent.
  - » Introduce a 10 percent Selected Goods Surtax on crude soya bean oil and crude sunflower oil.
  - » Apply a harmonised Selected Goods Surtax of 30 percent on imported cement packaging bags (HS Code 6305.33.00) and woven bags (HS Code 3923.29.99).
- Harmonise the Customs Duty rate on float glass from15 percent to 25 percent.
- Increase the Excise Duty on Single-Use Plastics from 100 percent to 200 percent.
- Introduce a specific Excise Duty of 80 ngwee per plastic bottle.
- Introduce or harmonise Excise Duty at 30 percent on selected plastic articles under HS Headings 3918, 3923 and 3926, including plastic floor coverings, plastic packaging and closures, and other plastic articles and accessories.
- Discontinue Customs Duty relief on used second-hand clothing and handbags imported by approved Public Benefit Organisations.
- Remove Customs Duty exemption on energy-saving appliances.

Taxation changes

> *This measure does not appear to sit well with the government's pronouncements to encourage the use of energy saving appliances to reduce electricity demand, lower carbon emissions and ease pressure on the national power grid as this will push up the cost of those appliances.*

Deloitte commentary

- Introduce Export Duty at 5 percent on zinc concentrates.
- Introduce Excise Duty on sugar at ZMW 1 per kilogram.

> *The measure is intended to streamline application of Excise Duty on similar products as currently, sugar does not attract Excise Duty while sugar-based drinks are subject to Excise Duty.*
>
> *This measure appears not to sit well with the Zambia Growth Agenda of which government's target is to increase sugar production to 1 million tonnes to boost exports. This is on the backdrop that this could push the cost of sugar up and make Zambian produced sugar uncompetitive.*

Deloitte commentary

- Introduce a 20 percent Excise Duty on chocolate and sugar confectionery, including white chocolate, under HS Headings 18.06 and 17.04, respectively.
- Key housekeeping measures that have been proposed under the Customs and Excise Act and the Customs and Excise (General) Regulations, 2000 include:
  - » Introduce an offence for non-submission of the inward report in Customs Declaration Form CE 1.
  - » Harmonise the return filing and duty payment deadlines for hydrocarbons and other oil products to the fifth day following the end of the accounting period.
  - » Revise the list of specified suppliers of excisable goods to the Defence Forces to reflect currently operational companies.
  - » Permit imported goods to be bonded directly into Licensed Bonded Warehouses without processing a removal in bond.
  - » Authorise the Commissioner General to issue Rules for the importation of risk goods into Zambia, such as alcohol with an alcoholic content above 80 percent.
  - » Introduce a requirement for all imports into and exports from Zambia of gold in any form to be declared in the prescribed form.
  - » Provide for a Consolidated Guarantee for principals using the Removal in Bond (RIB) procedure and/or operating or owning licensed bonded warehouses.
  - » Authorise the Commissioner General to redeem a bond and recover applicable duties, taxes and fees where bonded goods remain uncleared 10 days after the one-year period.
  - » Introduce a daily penalty on bonding entries that remain outstanding for up to 10 days after expiry.
  - » Restrict the re-warehousing in Zambia of goods previously exported from a bonded warehouse to within one year from the date of export.
  - » Clarify that the Commissioner General may remit the whole or part of any interest and fine.
  - » Introduce an escalatory penalty regime.
  - » Provide for a code of conduct specifying offences and corresponding penalties for persons involved in the clearing and forwarding business.
  - » Clarify that Customs Duties and taxes are based on the applicable rates at the time of declaration, subject to adjustment for post-importation discrepancies.
  - » Introduce a specific offence and penalty for failure to submit the Customs and Excise Inward Report (CE 1) within the prescribed time and manner.

Provide for the following:

- Align the five-day export period with the date of issuance of the final export

Taxation changes

documents (T1 or release order).

- Make Smart Invoices mandatory for all export declarations, except where exempted by the Commissioner General.
- Empower the Commissioner General to decline processing export declarations without a valid Smart Invoice.
- Amend Regulation 31 of the Customs and Excise (General) Regulations to replace working days with calendar days.
- Extend the warehouse bond to cover goods intended for export where the exporter owns the bonded warehouse or is authorised by the licensed bonded warehouse operator.
- Align Statutory Instrument No. 16 of 2026 with amendments previously made under earlier Statutory Instruments.
- Amend Regulation 96(7), paragraph 4 by substituting "shall include" with "shall be".
- Reduce the period for claiming drawback on unused imported goods subsequently exported from two years to six months.
- Amend the numbering of the sub-regulations in Regulation 127 to ensure proper sequencing of the provisions.
- Impose a penalty on goods exiting Zambia beyond the prescribed five-day period, including where an extension is granted.
- Amend the description of HS Code 8703.70.00 to conform with HS 2022.
- Revise the Specific Customs Duty on HS Code 8703.50.19 from ZMW 6,129.30 to ZMW 16,129.30.
- Amend the specific Customs Duty on hatchbacks under HS Code 8703.50.39 from ZMW 22,094.65 to ZMW 23,794.24 and the Excise Duty from ZMW 28,723.05 to ZMW 30,932.51.
- Clarify the procedure and requirements for appointing an agent and provide for self-clearance of goods identified by the Commissioner General.

Cross Cutting Measures

- Amend relevant tax laws and subsidiary legislation to recognise electronic means of communication as a valid mode of serving notices and other official communications.
- Empower the Commissioner-General, in consultation with the Zambia Development Agency, to recommend to the Minister the suspension or withdrawal of incentives granted to an investor who fails to fulfil their pledged investment and/or employment creation commitments.

Implement the Automatic Exchange of Information ("AEOI") Framework

- Introduce a legal framework to facilitate Zambia's implementation of the AEOI in line with the standards of the Global Forum on Transparency and Exchange of Information for Tax Purposes.

> *The AEOI will enable the annual exchange of a predefined set of financial information between tax authorities to enhance transparency and combat illicit financial flows. There will be safeguards to prohibit unlawful access, use, or handling of any information, records, or documents exchanged through the AEOI framework.*
>
> *The implementation of the AEOI will enhance transparency while ensuring protection of taxpayer information. This change will also ease taxpayers' compliance burden by eliminating the requirement for secondary Country-by-Country report filing in Zambia.*

Deloitte commentary

Taxation changes

Non- Tax Revenue Measures

- Introduce and revise upward selected passport fees and travel documents for identity.
- Introduce and revise upward selected civil registration fees.
- Reclassify mechanical horse to the class of heavy vehicles with 4 axle and above category and charge appropriate.
- Introduce new fees and revise upwards existing fees for registration fees for non – governmental organisations.
- Revise upward mining, exploration, mineral processing license fees, area charges, and related fees.





Conclusion

Conclusion

The Budget maintains a focus on fiscal sustainability and domestic resource mobilisation through a range of tax and non-tax measures aimed at supporting development priorities while preserving macroeconomic stability. These measures complement broader reforms in public financial management, debt management, state-owned enterprise performance and the delivery of public services.

To build on stability, Government has set six key macroeconomic targets for 2027 as follows:

1. Attaining real GDP growth of at least 4.9%;
2. Sustaining inflation within the 6% - 8% target range;
3. Maintaining international reserves above four months of import cover;
4. Increasing domestic revenue to at least 23.3% of GDP;
5. Reducing the fiscal deficit to 3.0% of GDP; and
6. Restricting net domestic borrowing to 2.9% of GDP.

Collectively, these targets reflect Government's commitment to sustaining macroeconomic stability while creating conditions for increased investment, production and private sector-led growth.

While Zambia's improved macroeconomic position and ambitious growth agenda provide a strong platform for future development, the successful implementation of the Budget will depend on effective execution, continued private sector participation and sustained commitment to the policy reforms underpinning the Grow Zambia Agenda. Achieving the targeted outcomes of increased production, higher exports, job creation and improved living standards will require coordinated efforts from Government, businesses and other stakeholders across the economy.

The 2027 National Budget signals a clear policy direction towards unlocking opportunities, creating jobs and improving livelihoods. Through its focus on production, exports, investment and human capital development and education and skills development, the Budget seeks to position Zambia for its next phase of economic growth and transformation.





Appendices

Appendices

Appendix 1: Statistics

Economic Indicator	2026	2025	2024	2023	2022
Nominal GDP (US$ bn)	42.4 [1]	28.7	25.3	27.6	29.2
Real GDP Growth (% p.a)	5.6 [2]	3.8	3.8	5.4	5.2
Inflation, Period End (%)	6.3 [3]	11.2	16.7	13.1	9.9
Central Bank Policy Rate (% end of period)	10.8 [3]	14.3	14.0	11.0	9.0
External Debt Stock (US$ m)	**2026**	**2025**	**2024**	**2023**	**2022**
Debt Stock	15.5 [3]	16.2	15.4	14.6	14.0
Monthly Average Weighted Government Bonds Rate (%)	**2026**	**2025**	**2024**	**2023**	**2022**
January	16.6	21.1	22.7	24.3	22.3
July	16.0	18.6	23.3	25.5	22.2
December	n/a	17.0	21.3	23.5	22.2
Commodity Exports	**2026**	**2025**	**2024**	**2023**	**2022**
Copper Production (Metric Tonnes "000")	930 [3]	890	825	737	764
Average Copper Prices (US$/Tonne)	13 542 [3]	9 553	9 120	8 490	8 822
Exchange Rates	**2026**	**2025**	**2024**	**2023**	**2022**
Average (ZMW / 1 US$)	19.0 [4]	25.2	26.2	20.2	16.9
Average (ZMW / 1 ZAR)	1.1 [5]	1.4	1.4	1.1	1.0
Population	**2026**	**2025**	**2024**	**2023**	**2022**
Population (Millions)	22.5	21.9	21.3	20.7	20.2

[1]September 2026 figure
[2]Annual projection for 2026 from IMF
[3]2026 - 2027 Budget Speech for September 2026
[4]Average of monthly USD : ZMW mid rates covering January 2026 to September 2026 obtained from BoZ fortnightly statistics report
[5]Average of monthly ZAR : ZMW mid rates covering January 2026 to September 2026 obtained from BoZ fortnightly statistics report
n/a - not available
Source: Bank of Zambia, ZamStats, EIU, IMF, Ministry of Finance

Appendices

Appendix 2: 2027 Budget Summary

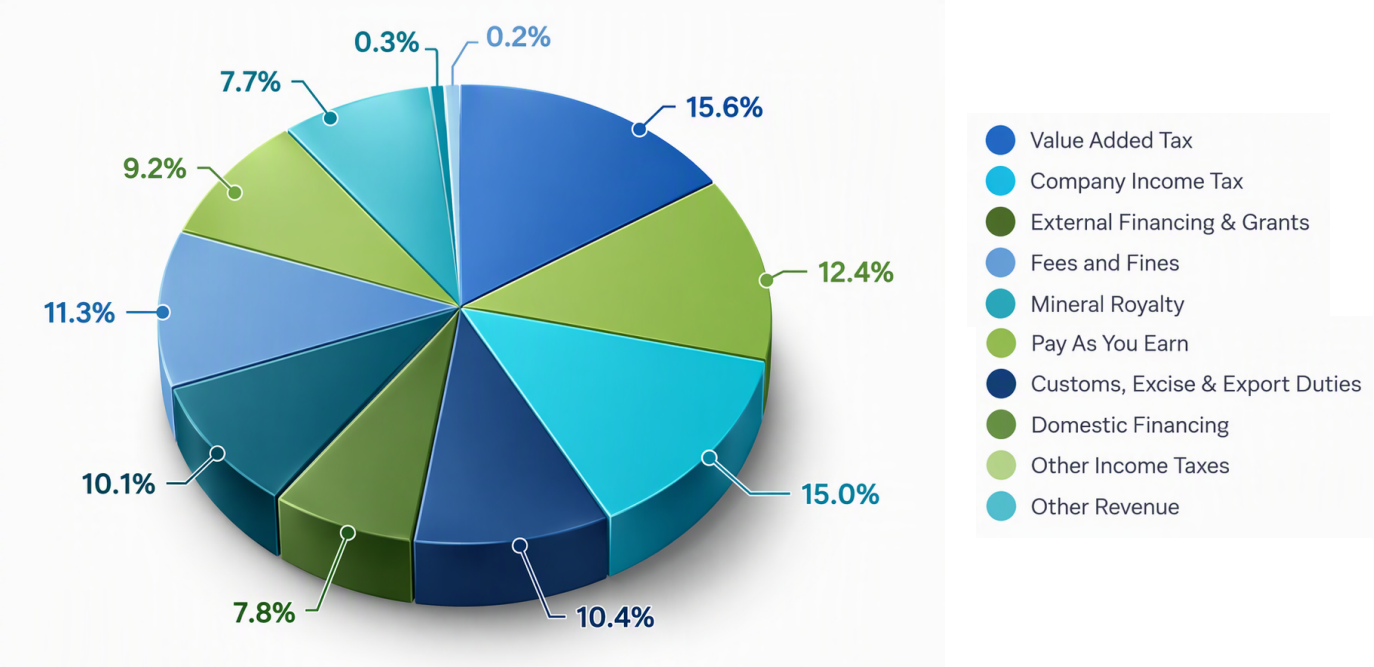
	2027 Budget	2026 Budget	2025 Budget
	ZMW ' million	ZMW ' million	ZMW ' million
Revenue			
Value Added Tax	44 310	54 378	48 341
Company Income Tax	42 702	30 065	22 950
Pay As You Earn	35 371	31 380	26 985
Fees and Fines	32 291	21 410	18 474
Customs, Excise & Export Duties	29 542	28 900	23 262
Domestic Financing	28 851	21 620	15 359
Other Income Taxes	26 180	21 042	15 875
External Financing & Grants	22 257	25 017	27 558
Mineral Royalty	22 009	18 200	17 355
Other Revenue	804	654	576
Insurance Premium Levy	452	424	370
Total Revenue	**284 769**	**253 089**	**217 105**
Expenditure			
General Public Services	90 526	92 607	73 815
Economic Affairs	75 903	58 650	48 714
Education	38 240	33 037	31 493
Health	30 253	26 174	23 167
Social Protection	16 180	15 673	16 161
Defence	14 649	11 869	10 321
Public Order & Safety	11 364	9 633	8 406
Housing & Community Amenities	4 629	3 203	2 989
Environment Protection	2 289	1 574	1 480
Recreation, Culture & Religion	736	669	559
Total Expenditure	**284 769**	**253 089**	**217 105**

Source: 2025, 2026 and 2027 Budget Address

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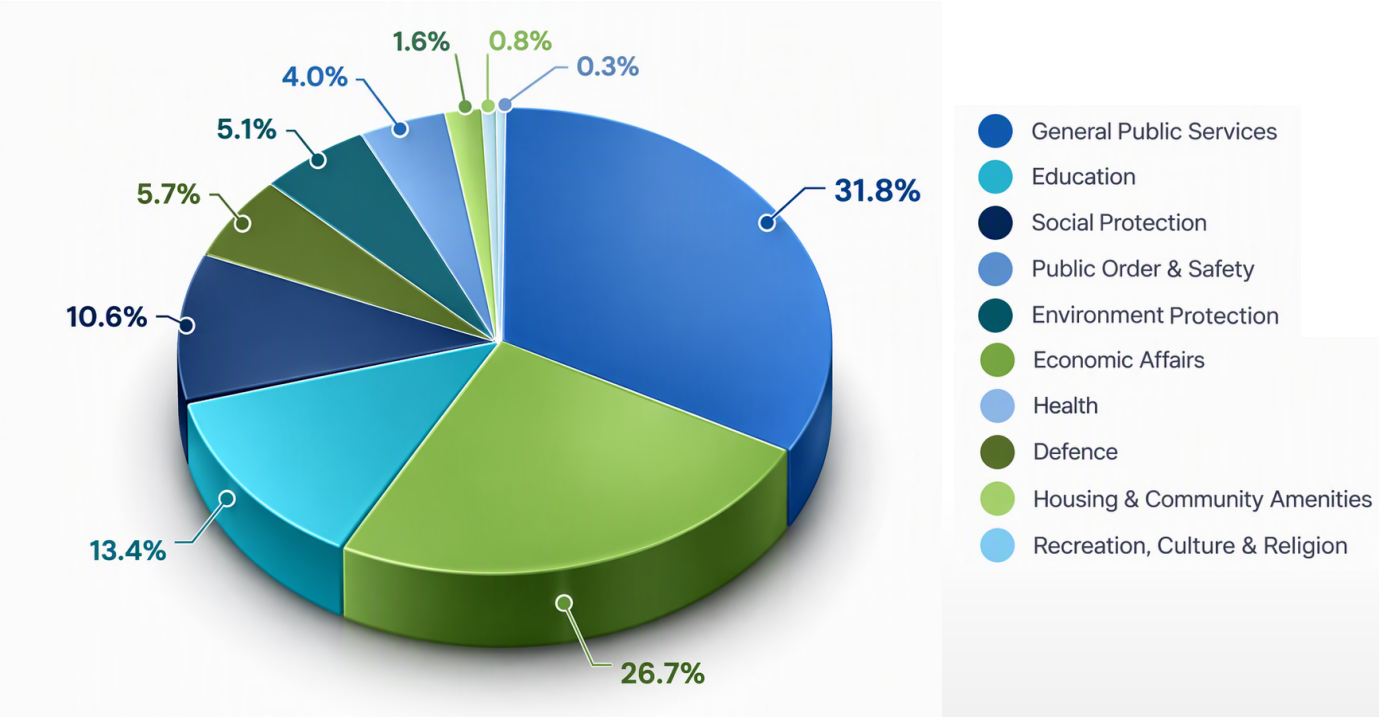
Appendix 2: 2027 Budget Summary *(continued)*

2027 Budget Contribution to Revenue



Source: 2027 Budget Speech

2027 Budget Contribution to Expenditure

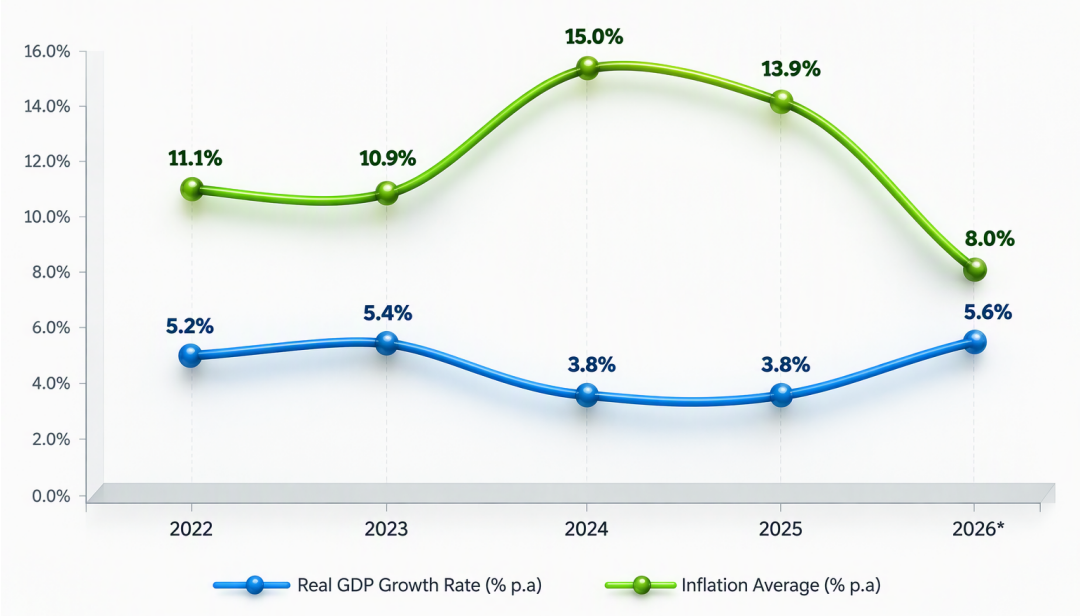


Source: 2027 Budget Speech

Appendices

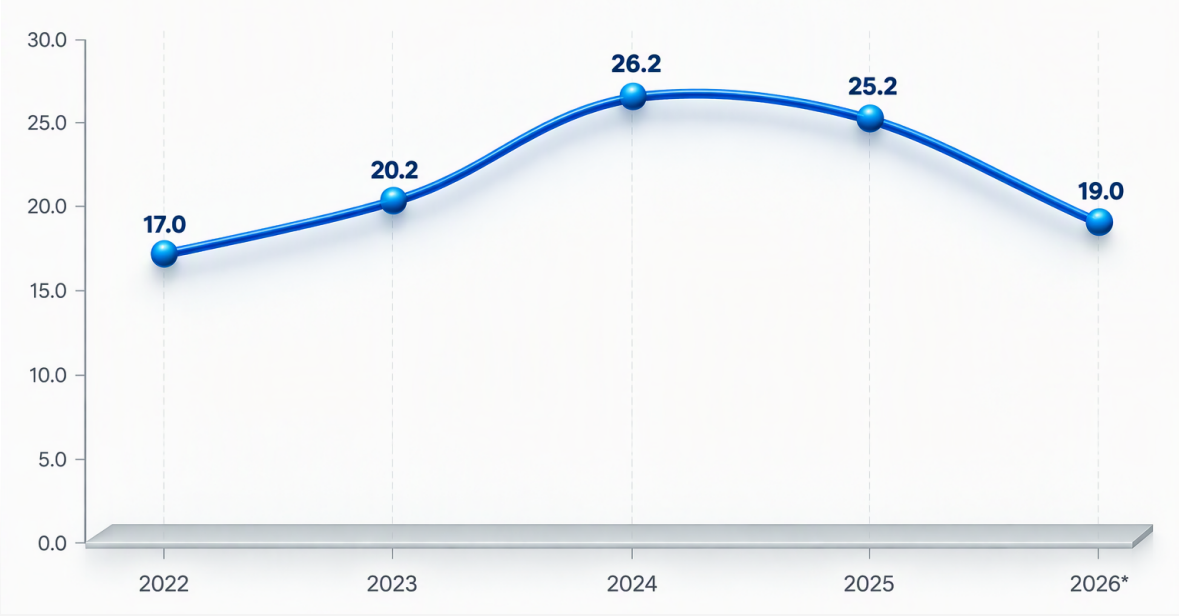
Appendix 3: Graphical Economic Trends

Inflation and Real GDP Growth Rate (%)



Source: MoFNP, ZamStats, IMF
** Average inflation for period covering January - October 2026*
***Real GDP growth rate included covers the annual 2026 projectionobtained from IMF*

Average Exchange Rate (ZMW /US$)

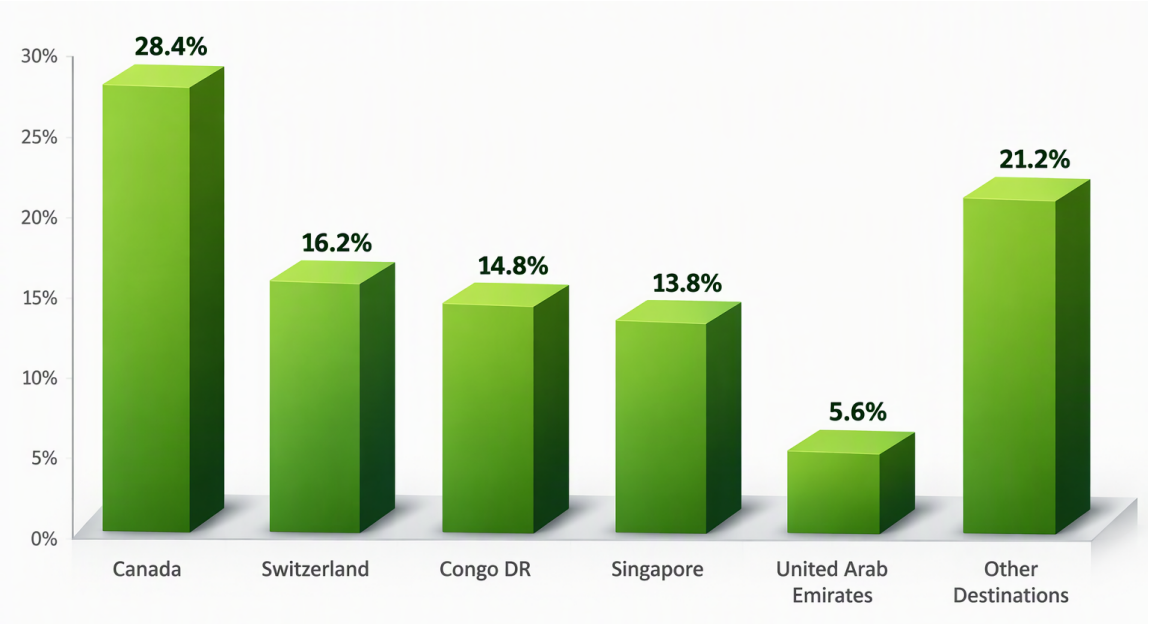


Source: Bank of Zambia, IMF
** Average inflation for period covering Jaunary - October 2026*

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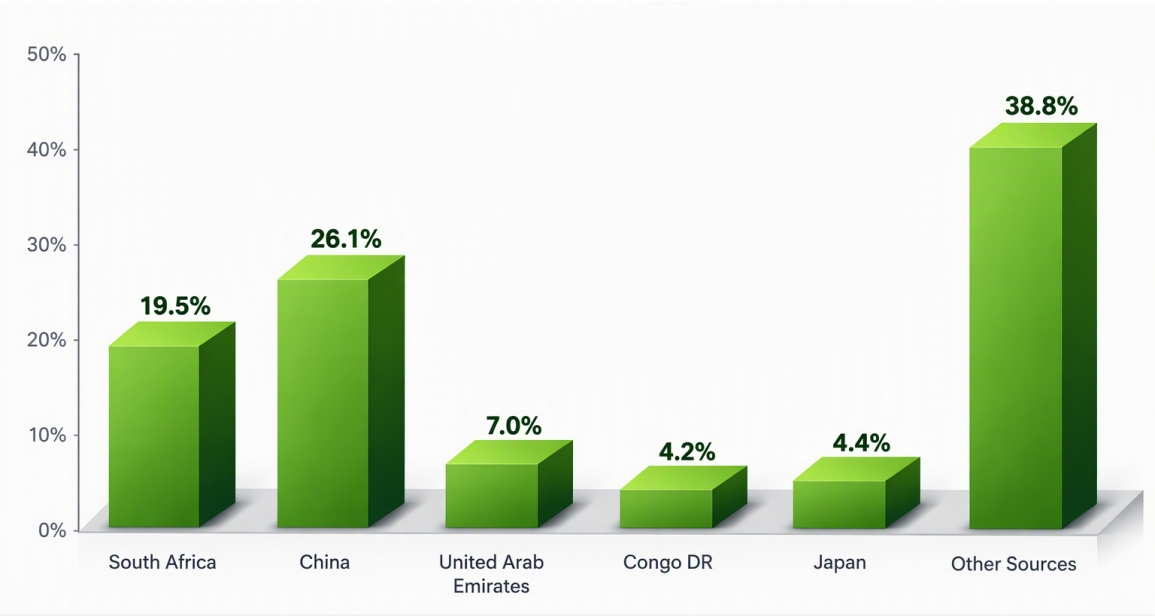
Appendix 3: Graphical Economic Trends *(continued)*

September 2026 Export Destination (%)



Source: October 2026 ZamStats Inflation Bulletin

September 2026 Origin of Imports (%)



Source: October 2026 ZamStats Inflation Bulletin

Appendices

Appendix 4. 2026 vs. 2027 expenditure budget by function

Comparision of Budget Expenditure by Function 2026 and 2027 (continued)				
	2026 Budget	2027 Budget		Absolute change
	ZMW 'million	ZMW 'million	y/y % change	ZMW 'million
General Public Services	**92 607**	**90 526**	**(2)**	**(2 082)**
O/w Domestic Debt Interest	52 001	50 822	(2)	(1 179)
External Debt (Interest and Principal)	21 666	16 764	(23)	(4 902)
Dismantling of Arrears	4 660	4 660	-	-
2026 General Elections	1 187	-	(100)	(1 187)
Local Government Equalisation Fund	1 449	1 548	7	99
Digitalisation of government services	-	1 713	-	1 713
O/w Intergrated National Registration Information System (INRIS)	218	368	60	150
Land administration system	-	205	-	205
Compesantion Fund	810	-	(100)	(810)
Defence	**11 869**	**14 649**	**23**	**2 780**
Public Order and Safety	**9 633**	**11 364**	**18**	**1 731**
Support to Law Enforcement Agencies	941	1 194	27	254
Economic Affairs	**58 650**	**75 903**	**29**	**17 254**
O/w Agriculture, Fisheries & Livestock Interventions	15 545	22 700	46	7 155
O/w Farmer Input Support	9 154	9 054	(1)	(100)
Strategic Food Reserve	2 101	-	(100)	(2 101)
Animal Health Services	765	822	8	58
Road Infrastructure	14 495	18 149	25	3 654
Constituency Development Fund	6 245	9 047	45	2 802
PPP Viability Gap Financing Fund	-	507	-	507
Tourism	1 536	1 359	(12)	(177)
Grid Resilience Project	-	391	-	391
Development Finance Instituition ("DFI")	-	400	-	400
Electricity Fund	500	-	(100)	(500)
Provincial Aerodromes Infrastructure	1 050	2 350	124	1 300
Economic Empowerment Funds	589	-	(100)	(589)

Appendices

Appendix 4. 2026 vs. 2027 expenditure budget by function *(continued)*

Comparision of Budget Expenditure by Function 2026 and 2027 (continued)				
	2026 Budget	2027 Budget		Absolute change
	ZMW 'million	ZMW 'million	y/y % change	ZMW 'million
Mining	1 202	1 214	1	12
o/w Aerial Geological & Geophysical Mapping	541	467	(14)	(74)
Artisanal and Small Scale Mining	449	451	0	1
Mines Standards and Mineral Regulation	-	172	-	172
Environmental Protection	**1 574**	**2 289**	**45**	**714**
Housing and Community Amenities	**3 203**	**4 629**	**45**	**1 426**
O/w Water Supply and Sanitation Infrastructrue	1 830	2 079	14	249
Housing Development	-	363	-	363
Health	26 174	30 253	16	4 079
O/w Drugs and Medical Supplies	6 401	6 401	(0)	(0)
Health Equipment	954	-	(100)	(954)
Health Infrastructure	1 697	867	(49)	(831)
Support to NHIMA	-	360	-	360
Health Operations	1 147	-	(100)	(1 147)
Recreation, Culture and Religion	**669**	**736**	**10**	**68**
o/w Chiefs Welfare	201	-	(100)	(201)
Education	33 037	38 240	16	5 203
O/w School Operations	2 435	2 762	13	327
School & University Infrastructure	2 290	3 172	39	882
Student Loans and Scholarships	1 360	1 946	43	586
Home Grown School Feeding Programme	-	1 000	-	1 000
Revised Education Curriculum	300	-	(100)	(300)
Social Protection	**15 673**	**16 180**	**3**	**507**
O/w Social Cash Transfer	7 650	10 363	35	2 713
Public Service Pension Fund	4 923	5 246	7	322
Cash for Work Programme	1 032	-	(100)	(1 032)
Food Security Pack	1 513	-	(100)	(1 513)
Grand Total	**253 089**	**284 769**	**13**	**31 679**

Appendices

Appendix 5. 2026 vs. 2027 Revenue and Financing

Comparison of Revenue and Financing 2026 and 2027				
	2026 Budget	2027 Budget	y/y % change	Absolute change
	ZMW 'million	ZMW 'million		ZMW 'million
Total Tax Revenues	165 763	178 105	7	12 342
Income Tax	82 486	104 253	26	21 767
Value Added Tax	54 378	44 310	-19	-10 068
Customs and Excise	28 480	29 141	2	661
Export duties	419	400	-5	-19
Non-Tax Revenues	40 689	55 556	37	14 867
Mineral Royalty	18 200	22 009	21	3 809
Domestic Revenue	206 452	233 661	13	27 209
Foreign Financing and Grants	25 017	22 257	-11	-2 761
Domestic Financing	21 620	28 851	33	7 231
Total Revenue and Financing	253 089	284 769	31	67 663

Contacts

Publication team

Alice Jere Tembo
Country Managing Partner
atembo@deloitte.co.zm

Victor Muhundika
Partner |Tax & Legal
vmuhundika@deloitte.co.zm

Liywalii Kanyimba
Associate Director | Tax & Legal
lkanyimba@deloitte.co.zm

Wendy Kodhiambo
Associate Director | Tax & Legal
wkodhiambo@deloitte.co.zm

Brian Sitamulaho
Associate Director | ITDA & CA
bsitamulaho@deloitte.co.zm

Kumoyo Wambulawae
Associate Director | Audit & Assurance
kwambulawae@deloitte.co.zm

Aaron Kabwe
Associate Director | Audit & Assurance
akabwe@deloitte.co.zm

Daniel Mulima
Senior Manager | Tax & Legal
tchilufya@deloitte.co.zm

Nzovwa Kasanda
Assistant Manager| Tax & Legal
nkasanda@deloitte.co.zm

Kunda Kabwata
Assistant Manager| Tax & Legal
kkabwata@deloitte.co.zm

Kapasa Mwale
Consultant| Consulting Services
kmwale@deloitte.co.zm

Creative team

Remita Grewal
Growth Office Consultant
regrewal@deloitte.co.tz

Mitch Waweru
Creative Design Analyst
mwaweru@deloitte.co.ke



Deloitte East Africa

East Africa CEO

Managing Partner - Kenya and Ethiopia
Anne Muraya
amuraya@deloitte.co.ke

Malawi

Christopher Kapenga
Country Managing Partner
ckapenda@deloitte.co.mw

Uganda

Paul Ssali
Country Managing Partner
pssali@deloitte.co.ug

Tanzania

Kibiki Fortunatus
Country Managing Partner
kfortunatus@deloitte.co.tz

Zambia

Alice Tembo
Country Managing Partner
atembo@deloitte.co.zm

Serviceline leaders

Freda Muchena-Mitambo
Audit & Assurance Leader
fmuchena@deloitte.co.ke

Urvi Patel
Consulting Leader
ubpatel@deloitte.co.ke

Festo Barthalome
Tax & Legal Leader
fbarthalome@deloitte.co.tz

James Mwendia
Growth Office Leader
jmwendia@deloitte.co.ke

Offices

Kenya
Deloitte Place
Waiyaki Way, Muthangari Nairobi
Tel: +254 719 039 000

Tanzania
Aris House
3rd Floor, Plot 152, Haile Selassie Road, Oysterbay, Dar es Salaam
Tel: +255 22 2169000

Uganda
3rd Floor Rwenzori House 1
Lumumba Avenue Kampala
Tel: +256 41 7 701000

Zambia
Abacus Square, Plot No. 2374/B,
Thabo Mbeki Road, Lusaka
Tel: +26 211 228 6779

Malawi
NBM Top Mandala House, 2nd Floor, Kaohsiung Road,
P.O Box 187, Blantyre
Tel: +265 01 773 069

Ethiopia
Minaye Corporate Office Park (Flamingo area) 2nd Floor
P.O. Box 7862, Addis Ababa, Ethiopia
+251 111 139 800

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